LCY 李長榮

2025 ESG Report

Overview

Preface

01 Strong Sustainable Governance

02 Leading Circular Innovation

03 Green Operations: Leading Low-Carbon Transition

04 Promoting Social Prosperity

Appendix

About this Report

This is the sixth ESG Report of LCY Chemical Corp. The report, which follows the GRI standards, SASB, and TCFD frameworks, covers the actions taken by LCY Chemical Corp. and its affiliated business units (hereinafter referred to as LCY) in 2025 (from January 1, 2025 to December 31, 2025, consistent with the financial reporting period), regarding environmental (E), social (human rights) (S), and governance (G) aspects. LCY will continue to publish the ESG Report annually, with downloadable versions in Chinese and English available on LCY's official website.

Guideline / Standard	Organization
GRI Standards	Global Sustainability Standards Board, GSSB
Sustainability Accounting Standards - Chemicals	Sustainability Accounting Standards Board (SASB)
Task Force on Climate-Related Financial Disclosures (TCFD)	Financial Stability Board (FSB)

Please see the Appendix for the GRI Index, SASB Index, and TCFD Index

Reporting Period

Date of 1st publication	Publication date of the last report	Publication date of the current report
August 2012 (CSR Report)	August 2025	August 2026

Reporting Scope

The financial figures in this report correspond to the financial data boundary in the consolidated financial report of LCY and are presented in New Taiwan Dollar (NT$). Information disclosed related to the governance, environmental and social aspects of this report cover the Taipei Office, the Nanzih R&D Center, the factories in Taiwan (Dashe, Kaohsiung, Copper Foil, Xiaogang, Linyuan and the Central Taiwan Science Park Plants), the Kaohsiung Terminal Station, the three factories in China (Huizhou, Zhenjiang and AR Plants), as well as the Baytown Plant in the US, and the Sarnia Plant in Canada. Any discrepancies in the scope of reporting are explained in detail in the report.

Report Preparation and Assurance

All information disclosed in this report has been compiled by the Sustainability Development Department using data provided by LCY's Taipei headquarters, as well as its plants and operating sites across Taiwan, China, and overseas. To ensure the accuracy of the information disclosed and address stakeholder expectations, this report was reviewed by the ESG Sustainability Strategy Committee (ESG SSC) and approved by the board of directors prior to publication.

All information disclosed in this report has been independently verified by BSI Group Singapore Pte. Ltd. Taiwan Branch in accordance with AA1000AS v3, Type 1 Moderate Assurance Level (the commissioning contract was approved by the CFO). The assurance was conducted following the GRI Standards. The independent assurance statement can be found in the appendix of this report.

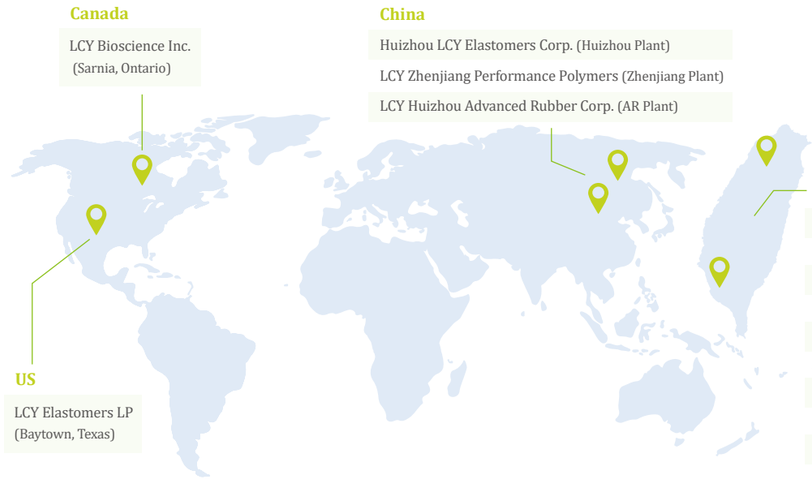
Reporting Boundary and Restatement of Information

For the first time, the 2024 ESG Report expands its reporting boundary to include LCY's CTSP Branch in Taiwan and the Sarnia Plant in Canada. The CTSP Branch commenced trial operations in 2024. To further ensure the accuracy and completeness of the report, non-financial performance data from the Sarnia Plant has also been included in the 2024 reporting scope.

Material Changes in ESG Disclosure

Disclosure Standards	Prepared in accordance with GRI 1: Foundation 2021 of the GRI Standards
Analysis of Material Topics	LCY has incorporated GRI 3: Material Topics 2021 and conducted a refreshed stakeholder engagement process and materiality assessment in 2026, including the prioritization of material topics. These efforts ensure that the report's disclosures remain aligned with the group's strategic priorities. For details, please see "Identifying Stakeholders & Material Topics."
Disclosure Scope	The financial data boundary is based on the boundary of LCY's consolidated financial statements, while the information collection boundary for sustainability issues is based on the operating locations listed in the reporting scope.

Locations



Contact us

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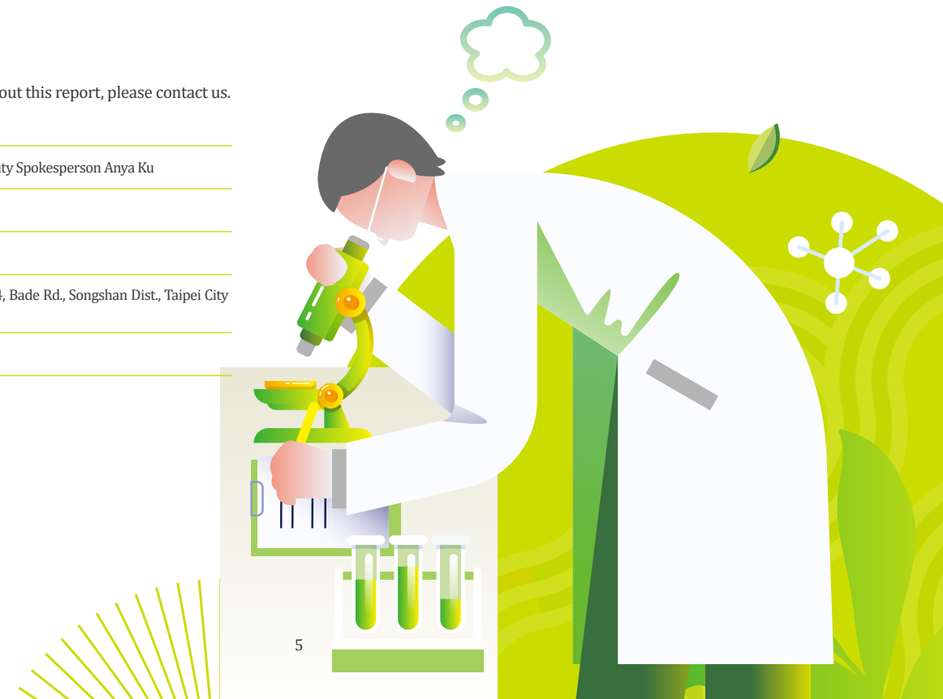


Message from the Chairman

LCY 2025 ESG Report - Message from the Chairman

AI-Powered: Restructuring the Industry's New Landscape

Each significant advancement in human civilization has been driven by breakthroughs in materials technology. The advancement of metallurgy during the Bronze Age, the widespread adoption of steel during the Industrial Revolution, and silicon-based technologies in the modern semiconductor era demonstrate the persistent role of materials science as a catalyst for innovation and advancement. Peter Drucker, the Father of Modern Management, once said: "The best way to predict the future is to create it." Today, the rise of artificial intelligence (AI) is driving a profound transformation. Every aspect of the ecosystem is undergoing a period of transformation, encompassing areas such as computing architectures, product design, and global supply chain strategies.

These developments, including the rapid growth of AI data centers, the commercialization of advanced packaging and heterogeneous integration technologies, and significant investments in computing infrastructure by various governments, are driving an unprecedented, AI-centric transformation across industries. As a result, the significance of materials technology has reached new heights. High-purity, environmentally responsible advanced materials have become the critical foundation supporting every technological advancement and stage of industrial evolution. At the same time, supply chain resilience and sustainability have emerged as key criteria for global manufacturers when evaluating and selecting strategic partners.

As the world pursues greater computing performance, the traditional linear model of resource consumption is no longer sustainable. We believe the industry's future will be built on a foundation of closed-loop systems. The circular economyshould not be merely an end-of-life approach to waste management, but a systemic revolution introduced at the product-design stage. At LCY, we strive for a dynamic balance between technological advancement and environmental impact through material regeneration and efficient resource conversion. Every resource holds the potential for renewed value through continuous cycles.

In the midst of this sweeping structural transformation, LCY is proactively shaping change through innovation. We are enhancing production efficiency and energy performance by leveraging smart manufacturing and AI-driven model optimization. At the same time, we continue to lead the development and application of advanced materials with forward-looking technologies, while maintaining a steadfast dedication to sustainability. Together, these efforts bolster LCY's standing as a trusted materials partner, paving the way for the next generation of AI-driven innovation.

Technology Innovation: Defining New Standards for Advanced Materials

As demand for AI computing power continues to mount, the semiconductor and high-tech industries face the dual challenge of advancing performance while achieving greater environmental sustainability. With continuing semiconductor process scaling, materials must meet increasingly stringent requirements for purity, selectivity, and environmental compatibility. These evolving demands are driving the industry to rethink the relationship between innovation and sustainability. In response, LCY is advancing the integration of technological innovation and sustainable practices through three strategic pathways: breakthroughs in processing formulations, strategic expansion into advanced materials, and the implementation of circular economy solutions.

In September 2025, LCY launched LCY Advanced Formulations, a portfolio of wet processing formulations for semiconductor manufacturing designed to integrate process performance, operational safety, and environmental responsibility. The portfolio focuses on critical applications, including wafer cleaning and post-packaging processes, delivering high selectivity, high purity, and outstanding performance to meet the stringent requirements for precise cleaning and stable quality in advanced semiconductor manufacturing. LCY Advanced Formulations leverages electronic-chemistry material technology, deep expertise in advanced-process application experience, and customized development capabilities. It is formulated without substances of very high concern (SVHCs), such as NMP and TMAH. The portfolio also features low volatile organic compound (VOC) emissions. These features support customers in ensuring operational safety while meeting increasingly tighter environmental and regulatory requirements.

As part of its advanced materials strategy, LCY dedicates in developing fluorine-free colorless polyimide (CPI) and advanced hydrocarbon polymers to support the continued growth of AI infrastructure and semiconductor industries worldwide. By successfully eliminating the conventional reliance on fluorinated materials, LCY's advanced fluorine-free CPI solutions deliver both high material performance while ensuring long-term sustainable competitiveness. The strategy also complies with the European Union's tightening PFAS regulations. Meanwhile, advanced hydrocarbon polymers enable enhanced performance in high-speed applications and meet the increasingly demanding material requirements of the AI era.

Circular Economy Practice: Building Low-Carbon Resource-Recycling Value Chains

As part of its circular economy journey, LCY continues to advance material recycling and reuse technologies, creating a diverse portfolio of solutions spanning thermoplastic elastomers (TPE), thermoplastic vulcanizates (TPV), post-consumer recycled polypropylene (PCR-PP), and recycled electronic-grade isopropyl alcohol (Re-EIPA). These solutions are designed to meet evolving customer needs by offering flexible ratios of recycled content while maintaining product performance and processability. LCY helps accelerate the transition toward a more circular ecosystem by reducing carbon footprints and improving resource efficiency. LCY further strengthens the transparency and traceability of its sustainability efforts through institutionalized mechanisms. Key products from the Taiwan and Huizhou sites have earned ISCC PLUS (International Sustainability and Carbon Certification), which empowering customers to navigate evolving global regulatory requirements and advance their low-carbon transition.

Resource Regeneration: Deepening Water Management and Localized Low-Carbon Supply Chains

LCY's Industrial Solutions Business Unit is committed to realizing the value of "endless water circulation," maximizing the marginal efficiency of water resources across the industrial value chain. through the optimization of Membrane Bioreactor (MBR) technology, which converts wastewater into high-quality reclaimed water for diverse sectors, including semiconductors and electronics, chemicals and materials science, food processing, and biotechnology / pharmaceuticals. To scale the water-saving benefits, we reduce import transportation-related emissions through localized manufacturing. We also provide equipment financing and leasing programs to help small and medium-sized enterprises (SMEs) overcome investment barriers. Supported by real-time technical services and biological acclimation expertise, LCY not only optimizes water treatment performance, but also extends its decarbonization and water conservation impact from individual touchpoints to broader networks across the supply chain. Through these optimized solutions, we build a low-carbon, resilient ecosystem where every drop of water can be infinitely circulated.

Preface 01 Strong Sustainable Governance 02 Leading Circular Innovation 03 Green Operations: Leading Low-Carbon Transition 04 Promoting Social Prosperity Appendix LCY 李長榮

Governance in Action: Delivering on Low-Carbon Commitments

LCY continues to earn global recognition for its ESG performance, with all three CDP assessments achieving Leadership-level distinctions. The Company advanced to an A- rating in Climate Change, earned an A rating in Water Security, and retained its A rating in Supplier Engagement for the second consecutive year. Beyond CDP, LCY was awarded a Platinum rating in the MVGX Carbon Neutrality Rating, placing among the top 10% of all evaluated companies. Consistent recognition across both international and local ESG assessments reflects LCY's systematic approach to decarbonization management, transparent sustainability disclosure, and a robust governance framework.

Decarbonization, resource circularity, and energy efficiency are the priority initiatives in environmental management. In 2025, the group's total energy consumption decreased by 18.9% compared with the 2021 base year. Even as production capacity steadily recovered, LCY sustained overall energy efficiency improvements, testifying to the long-term effectiveness of its process integration and energy management At the same time, the group's commitment to renewable energy has shown consistent growth. In 2025, the share of renewable energy in total electricity consumption increased from 0.02% in the base year to 1.36%. The company also continued expanding solar PV capacity across its Taiwan sites, further optimizing its energy mix and reducing dependence on conventional fossil fuels.

As the global transition toward a low-carbon economy accelerates, the International Energy Agency (IEA) projects that global energy demand associated with AI will double by 2026. LCY recognizes that businesses must establish clear and actionable long-term pathways to effectively navigate this evolving landscape. With 2021 as the base year, LCY has set a mid-term milestone of reducing company-wide carbon emissions by 42% by 2030, progressing steadily toward its vision of net-zero emissions by 2050 and turning climate targets into a key driver of continuous enterprise evolution.

Smart Empowerment: Advancing Talent and Knowledge Capabilities

In the AI era, corporate competitiveness is no longer defined solely by technological advantages, but by the systematic development of talent and organizational capabilities. As a key supplier of semiconductor electronic materials, LCY upholds the belief that "talent is the foundation of sustainability." The company actively engages with universities to connect with potential talent, inviting students for hands-on experiences at R&D centers and manufacturing facilities to build their understanding of advanced processes and applications. At the same time, LCY continues to expand its R&D capabilities by establishing an integrated technology ecosystem spanning R&D, application testing, and mass production support. This comprehensive learning pathway enables top talent to translate expertise into real-world impact.

In process management, the group has been integrating AI since 2015, upgrading traditional automated processes based on fixed parameters into intelligent decision-making systems with predictive and optimization capabilities, effectively institutionalizing individual experience into organizational capability. Guided by the vision of lights-out factories, LCY leverages AI models to optimize workforce deployment, enhance predictive accuracy for critical processes, and reduce reliance on real-time human judgment, driving more precise, consistent, and higher-quality manufacturing.

To ensure that AI capabilities continue to take root and evolve across the organization, we established the AI Academy to provide a structured training and certification framework. Combining real-world case studies with mentorship programs, we are strengthening employees' data literacy and their ability to work effectively with AI. These initiatives not only strengthen technical capabilities across our manufacturing operations, but also enable smart manufacturing to scale across technical and engineering functions, as well as inform decision-making throughout the organization. Together, they lay a strong foundation for LCY's long-term competitiveness in an increasingly digital world.

Looking Ahead: A Resilient and Sustainable Future

Over the past year, every step LCY has taken in materials innovation, smart manufacturing, ESG governance, and talent development has been guided by a shared conviction: sustainability is not an add-on to business operations, but the bedrock of long-term competitiveness. At LCY, innovation and sustainability are never opposing paths. By embedding sustainability criteria into every facet of our technology development and operational decisions, we ensure that every technology breakthrough demonstrates greater efficiency and environmental responsibility — transforming innovation into a vital driver of corporate competitiveness and industry-wide elevation

Looking ahead, the momentum behind AI-driven transformation, low-carbon transition, and global supply chain restructuring will continue to build. LCY will remain anchored in materials technology with sustainability as its guiding path, continually deepening the integration between technical R&D innovation with ESG practices. Together with our customers, suppliers, and partners across the ecosystem, we will work to build a low-carbon value chain that is both resilient and competitive.

In this era defined by continuous change, we choose to shape our direction through decisive action. LCY will continue to push boundaries and pursue breakthroughs, to ensure that every technological R&D advancement and every sustainability commitment becomes a concrete force propelling industry forward—co-create a future that is greener, smarter, and more resilient.

Identifying Stakeholders & Material Topics

Stakeholders (Stakeholder Engagement & Communication Channels)

LCY's ESG Sustainability Strategy Committee (ESG SSC) has evaluated its actual operations and referenced the AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES2015) to identify nine major stakeholders: employees, customers, government agencies, local communities, suppliers, investors, financial institutions(including banks), the media, and academic institutes. Through systematic feedback collection, LCY actively addresses stakeholders' inquiries and responds to their needs.

Stakeholders	Stakeholder Importance	Purpose and Outcomes of Stakeholder Engagement	Communication Channels	Frequency	Topics of Concern
Employees	Employees are LCY's most valuable asset and the driving force behind sustainable growth. The Company is committed to fostering a safe and healthy workplace, as well as career development opportunities, which help attract and retain talent while fueling long-term business growth.	Through internal communication platforms, training programs, employee care initiatives, and feedback mechanisms, LCY gain insights into employees' concerns regarding workplace safety, compensation and benefits, career development, and the work environment. Through ongoing dialogue and continuous improvement of initiatives, LCY strengthen employee engagement and organizational identity. (For details, please refer to Chapter 4)	Labor-management meetings	Quarterly	• Chemical and hazardous substance management • Information Security & Personal Data Protection • Business ethics and integrity • Regulatory compliance and internal control governance • Occupational Safety & Health • Labor / Management Relations
			Employee Welfare Committee	Quarterly	
			Occupational Safety and Health Committee	Quarterly	
			Internal announcements: Emails, posters, internal digital bulletins	When necessary	
Customers	LCY is guided by a "customer-first" philosophy and values the needs of every customer. The Company delivers stable, reliable, high-quality products with integrity and dedication, building lasting relationships of trust and co-create a shared sustainable future.	LCY understands customers' expectations regarding product quality, supply reliability, sustainability, and the low-carbon transition through business visits, customer meetings, surveys, and technical collaborations. These insights serve as a key basis for product optimization, service enhancement, and sustainability strategy development. (For details, please refer to Chapter 1)	Product consultation	Project-based	• Product Quality • Chemical and hazardous substance management • Green Products and Services • Sustainable procurement and supply chain management • Business ethics and integrity • Regulatory compliance and internal control governance
Government Agencies	Government agencies and regulatory authorities are essential partners in ensuring corporate compliance and driving sustainable transformation. LCY strictly adheres to legal and regulatory policies while aligning with industry and environmental requirements. Through engaging in transparent, integrity-based communication and collaboration, LCY reduces operational risks, builds public trust, and leverages policy resources to jointly advance sustainable industry development.	Through official correspondence, regulatory briefings, government inspections, and policy dialogues, LCY keeps abreast of latest regulatory developments . These actions support the implementation of environmental protection, occupational safety, and corporate governance initiatives, ensuring full regulatory compliance and fulfilling corporate responsibility. (For details, please refer to Chapter 1)	Official correspondences	When necessary	• Chemical and hazardous substance management • GHG Emissions and Energy Management • Pollution prevention and emission control • Regulatory compliance and internal control governance • Occupational Safety & Health • Community Relations

Stakeholders	Stakeholder Importance	Purpose and Outcomes of Stakeholder Engagement	Communication Channels	Frequency	Topics of Concern
Local Communities	Strong community relationships are key to sustainable development. LCY engages the community through active dialogue and welfare initiative,. LCY fulfills its corporate social responsibility and fosters shared prosperity with local communities.	Through community engagement activities, neighborhood outreach, public welfare initiatives, and communication platforms, LCY gains a clear understanding of community concerns and local needs. LCY continuously drive environmental protection, social engagement, and local community initiatives to foster positive community relationships. (For details, please refer to Chapter 4)	Meetings	When necessary	• Chemical and hazardous substance management • Green Products and Services • Risk management and risk alert mechanism • Occupational Safety & Health • Community Relations
			Factory visits for visitors including local residents and school groups	When necessary	
Suppliers	Suppliers are vital partners in ensuring LCY's operational stability and quality management. Through long-term collaboration, LCY secures a stable raw material supply, consistent quality, and reliable delivery. Together, LCY and its suppliers integrate sustainability practices to strengthen the resilience and responsibility, working hand in hand to achieve shared corporate sustainability goals.	Through suppliers evaluations, sustainability questionnaires, audits, and exchange meetings, LCY evaluates suppliers performance across quality, delivery, environmental health and safety (EHS), and sustainability management. LCY collaborates with suppliers to jointly advance sustainable supply chain management and risk control. (For details, please refer to Chapter 1)	Audits for existing suppliers	When necessary	• Product Quality • Sustainable procurement and supply chain management • Information Security & Personal Data Protection • Business ethics and integrity • Regulatory compliance and internal control governance • Occupational Safety & Health
			Reviews for existing suppliers	Annually	
Investors	Investors are crucial in supporting LCY's growth and sustainable development. The Company is committed to sound operational management and financial transparency, maintaining investor confidence through regular engagement, disclosures, and strong corporate governance. These efforts strengthen mutual trust in the capital market and jointly driving long-term value creation.	Through earnings conferences, shareholders' meetings, public disclosures, and investor communication channels, LCY actively address investors' concerns in business performance, risk management, and sustainable development.. These practices serves as the foundation to enhance corporate transparency and reinforce robust corporate governance. (For details, please refer to Chapter 1)	Annual shareholders' meeting (1)	Annually	• Energy Transition • Chemical and hazardous substance management • Product Quality • Labor / Management Relations • Talent attraction and retention • Talent Cultivation & Development
			Investor conference (1)	Annually	
			Financial performance report	Twice a year	
			Sustainability report	Annually	
Banks	Financial institutions (including banks) are key partners in ensuring LCY's operational stability and capital management. By maintaining strong creditworthiness and integrity-based relationships, The Company secures stable financing channels. In line with global sustainable finance trends, LCY collaborates with banking and financial partners on green financing and sustainability-linked loans—jointly advance its low-carbon transition and sustainability goals.	Through credit engagement, ESG questionnaires, and regular communications, LCY gain insights into financial institutions' expectations regarding financial soundness, risk management, and sustainability performance. These insights serves as key reference for strengthening sustainability governance and transparency disclosure. (For details, please refer to Chapter 1)	Meetings	Annually	• Energy Transition • Water Management • Green Products and Services • Product Quality • Business ethics and integrity • Occupational Safety & Health
Media	The media serves as a vital bridge between LCY and the public, conveying The Company's values, sustainability progress, and brand value. Through proactive and transparent communication, LCY builds public trust, strengthens its corporate image, and responds promptly to social concerns — fosters mutual understanding, constructive interaction, and sustainable corporate development. When required, LCY active refines public relations and crisis management strategies to maintain effective engagement and risk mitigation.	Through press releases, media interviews, and public affairs engagement, LCY share its business performance and sustainability achievements with the public. LCY responds in a timely and proactive manner to issues of public concern, enhancing transparency and corporate image. (For details, please refer to Chapter 2 & 4)	Media Interviews	As needed	• Green Products and Services • GHG Emissions and Energy Management • Energy Transition • Pollution prevention and emission control • Chemical and hazardous substance management • Sustainable procurement and supply chain management
			Press Conferences	Once a year	
			Press Releases	As needed	
			Forum Presentations / Speeches	As needed	
			Exhibition Participation	2–3 times a year	
			Social Media & Website	Real-time updates	
Academic Institutions	Academic institutions are key partners in driving R&D innovation and technological breakthroughs. Through industry–academia collaboration, LCY strengthens material applications and process optimization while actively engaging in talent cultivation and knowledge exchange. These efforts enhance R&D capability and competitiveness in sustainable technology, driving both industry upgrading and low-carbon transformation.	Establish industry-academia partnerships with academic institutions to facilitate joint research, technical exchanges, and talent development initiatives. These partnerships provide valuable insights into industry trends, technological innovation, and sustainability issues, supporting continued technological advancement and sustainable development. (2) (See Chapters 2 & 4 for more details)	Meetings	When necessary	• Water Management • Chemical and hazardous substance management • Occupational Safety & Health • Talent attraction and retention • Talent Cultivation & Development • Sustainable procurement and supply chain management
			Factory visits for external visitors including school groups		
			LCY Education Foundation scholarships & events		

Note 1: The subsidiary LCY Technology Corp. (LCYtech) is a listed company. The annual shareholders' meeting and investor conference refer to those of LCYtech.

Note 2: Board members engage with stakeholders through academic conferences, business forums, and media interviews. For further information, please refer to 2.4.4 Global Engagement, 4.6.4 Champion Innovation 4.6.5 Community Impact.

Identification & Disclosure of Material Topics

LCY continues to keep a pulse on global sustainable development trends. To identify the following list of material topics relevant to LCY, we referred to the GRI Standards published by the Global Sustainability Standards Board (GSSB) and the guidelines for the chemical sector set forth by the Sustainability Accounting Standards Board (SASB) for material topics of concern. In addition, we also looked at international sustainability ratings and industry benchmarks to compile the list of material topics.

In 2025, the ESG Sustainability Strategy Committee (ESG SSC) conducted a new materiality assessment to identify the company's material topics. To ensure objectivity, 289 stakeholders were invited to participate, with 289 valid responses collected. The assessment results were reviewed by the ESG SSC and subsequently submitted to the board of directors for approval. Through oversight by the company's highest governance body, stakeholder expectations are translated into strategic priorities and resource allocation decisions that promote business resilience and long-term value creation.

This report outlines the management approach and corresponding actions for each material topic within the relevant sections. LCY continues to gather and respond to stakeholder feedback through multiple communication channels. Every two years, LCY conducts a materiality assessment to ensure its sustainability priorities remain aligned with stakeholder expectations.

Process of Material Topics Identification

Confirm List of Material Topics

- Nine categories of key stakeholders were identified and defined: investors, customers, banks, employees, suppliers, government agencies, communities (e.g., science park administrations, schools, and NGOs), media, and academic institutions. Stakeholders are then evaluated based on their "significance" and "frequency of engagement," resulting in a finalized list and number of major stakeholders.
- Drawing on the requirements of the GRI Standards and SASB Standards for the chemicals industry across governance, environmental, and social (including human rights) aspects, and incorporating sustainability topics prioritized by leading chemical companies assessed by the DJSI, LCY consolidated and screened potential topics based on their impact and common characteristics. A total of 21 priority sustainability topics were identified, comprising 8 governance, 7 environmental, and 6 social (including human rights) topics. A stakeholder questionnaire was then developed based on two key dimensions: "stakeholder level of concern" and the "magnitude of positive and negative impacts on business operations."

Investigate Level of Stakeholder Concern

- A stakeholder survey was conducted to assess the level of concern for each topic. A total of 207 valid responses were received, including 85 from internal employees. This ensured that the results were representative and comprehensive.
- Survey results were weighted based on senior management's assessment of each stakeholder group's degree of dependence, frequency of engagement, and level of influence. The weighted scores were used to calculate stakeholder priority scores for each topic, forming the Y-axis of the materiality matrix.

Analyze Operational Importance and Value Chain Impact of Material Topics

- Each sustainability topic was systematically evaluated based on its likelihood of occurrence and the potential positive and negative impacts that LCY and its value chain may have on the economy, environment, and people (including human rights).
- The assessment involved 82 internal participants, including indirect labors, direct labors, and management, and considered both actual and potential impacts. A standardized evaluation methodology was applied to quantify the impact of each topic. The resulting impact scores formed the X-axis of the materiality matrix, ensuring consistency, objectivity, and comparability.

Determine Material Topics (finalized material topics for reporting)

- Based on the materiality assessment results, the ESG SSC reviewed the findings before submitting them to the chairman and CEO for approval. The top 11 ESG topics were ultimately identified as the material topics for this report.
- In accordance with disclosure requirements from relevant reporting standards, LCY systematically compiled and disclosed its management approaches, implementation progress, and performance data for each material topic identified, together with the corresponding management strategies and concrete actions to address stakeholder expectations.

Review Material Topic Relevance, Impact Boundaries, and Reporting

- LCY further reviewed the interrelationships and interactions among the material topics, taking into account stakeholder priorities across different issues while identifying their potential positive and negative impacts.
- The analysis serves as a reference for future sustainability strategy development, strengthens the effectiveness of external communications, and supports the preparation and disclosure of the report.

LCY Materiality Assessment Process

Step 01 Identification & Compilation of ESG Topics

- Governance 8 Topics
- Environment 7 Topics
- Social (Human Rights) 6 Topics

- Identification: Define materiality assessment objectives and key stakeholders.
- Compilation: Gather sustainability topics across internal and external organizational sources

Step 02 Survey Stakeholder Concern (Y)

- 9 Key Stakeholder Categories
- 207 Stakeholder Participants

Step 03 Survey & Analysis of Operational Impacts (X)

- 3 Dimensions: Define Corporate Value or Operational Impact
- 82 Participants: Management & Employees

Step 04 Definition of Material Topics

- 11 Material Topics

Sustainability Strategy Committee → Executive Review → Board of Directors Reporting

Step 05 Review of Topic Relevance & Impact Boundary

- Understand: Stakeholder Concerns
- Plan: Sustainability Strategy Roadmap
- Enhance: External Communication Effectiveness
- Identify: Positive & Negative Impacts
- Compile & Disclose: Sustainability Report

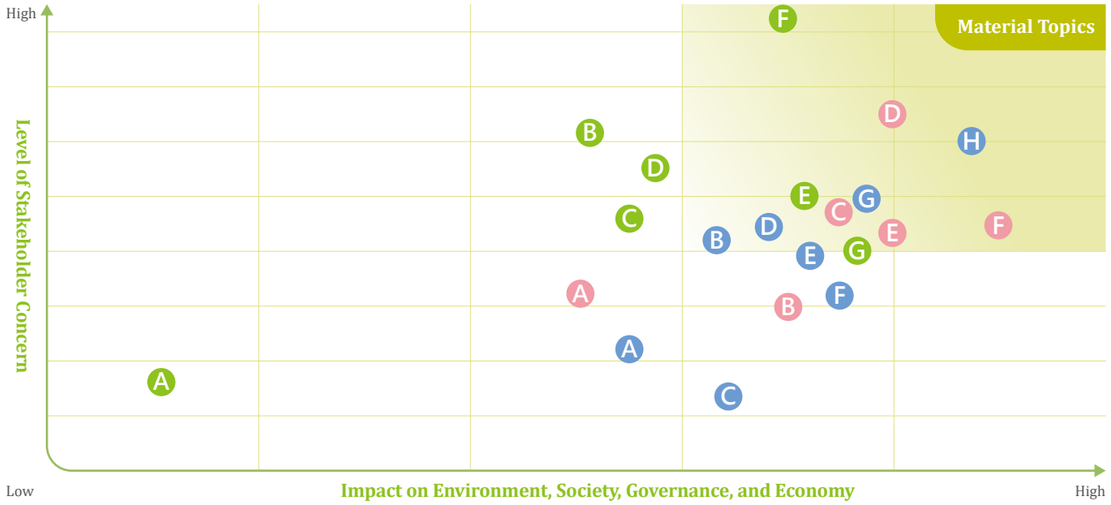
Changes in Material Topics

In accordance with GRI 3: Material Topics 2021, LCY periodically reviews the actual and potential impacts of its business activities on the economy, environment, and people (including human rights). During the reporting year, the company conducted a new materiality assessment. To ensure the comparability and consistency of sustainability disclosures, LCY analyzed the differences between this year's assessment results and the material topics identified in the previous reporting period (2024).

Material Topics in 2024	Material Topics in 2025	Change	Reason and Management Implications
GHG Emissions	Energy and Climate Management	Scope expanded	Given that GHG emissions primarily result from energy consumption, the two topics were integrated to enable a more comprehensive assessment of climate-related impacts on the economy, the environment, and people.
Air Quality	Pollution prevention and emission control	Title revised	To better reflect LCY's comprehensive management of wastewater, emissions, and waste, the previous focus on air quality was broadened to encompass environmental pollution prevention, aligning with the disclosure intent of SASB RT-CH-120a.1.
Energy Management	Energy and Climate Management	Scope integrated	In response to global customers' increasingly stringent expectations for supply chain decarbonization, the former topic of "energy management" was integrated into "energy and climate management" to strengthen the combined evaluation of energy efficiency improvements and decarbonization pathways.
Water Management	Water Management	No change	The core impact management approach remains unchanged. LCY continues to manage water withdrawal and recycling throughout its chemical manufacturing processes to enhance water resilience.
Biodiversity	Nature & Biodiversity	No change	The core management approach remains unchanged. LCY continues to assess the actual and potential impacts of its operations on the natural environment and implements avoidance and mitigation measures where appropriate.
Waste and Hazardous Substances	Chemical and hazardous substance management	Title revised	As waste management has been incorporated into the broader topic of pollution prevention, this topic now focuses on the chemical industry's key impacts: chemical life cycle management and hazardous substance control, addressing downstream customers' stringent requirements for restricted substances and green chemistry.
Chemical & Environmental Management	Chemical and hazardous substance management	Scope integrated	To better reflect the LCY's integrated approach to green manufacturing, toxic chemicals have been incorporated into this topic, expanding its scope to chemical and toxic substance management.
Circular Economy & Green Products	Green Products and Services	Title revised	Product development, recycling, and related services have been consolidated into a single topic to better demonstrate LCY's positive contributions across the circular economy value chain
(Not included)	Product Quality	New	Benchmarking against industry peers, in 2025, LCY formally designated product quality as a material topic to strengthen product reliability and supply chain stability.
(Not included)	Climate Risk and Response	New	This topic was added in response to emerging climate-related disclosure standards and frameworks to strengthen the assessment of climate-related risks and opportunities affecting LCY and its operations.
Supply Chain Management	Sustainable procurement and supply chain management	Scope expanded	To address stakeholders' growing expectations regarding supply chain human rights, environmental assessments, and business ethics, the management boundary was expanded to comprehensively evaluate ESG risks throughout the supply chain.
Data Protection / Information Security	Information Security & Personal Data Protection	Scope integrated	For the purpose of management synergy, data protection and information security were consolidated into a single topic to establish a more robust governance framework for cybersecurity and privacy protection.
Business Ethics & Transparency	Business Ethics & Integrity	Title revised	Following the establishment of the Ethics Management Committee, the topic title was updated to better reflect the LCY's commitment to embedding ethical business practices into its corporate culture.
Management of the Legal & Regulatory Environment	Regulatory compliance and internal control governance	Title revised	The topic title was refined to reflect the LCY's shift from "passive compliance" to "proactive governance," reinforcing the substantive governance role of the board and the internal control system.
(Not included)	Risk management and risk alert mechanism	New	In response to global market volatility and the need for greater operational resilience, this topic was added to quantify economic and environmental risks and incorporate them into routine forecasting and board-level decision-making.
(Not included)	Board Functions and Governance Oversight	New	To strengthen the LCY's governance framework, board governance responsibilities were established as a standalone material topic, reinforcing the board's oversight and management outcome of sustainability information and business performance.
Labor / Management Relations	Labor / Management Relations	No change	The core impact management approach remains unchanged. LCY continues to strengthen labor-management communication mechanisms and safeguard employee rights and interests.
Employee Health & Safety	Occupational Safety & Health	Title revised	The topic title was updated to align with common industry terminology and the GRI 403 Standard. The underlying management approach remains consistent with LCY's occupational health and safety management system.
Talent Development, Diverse Recruitment and Retention, and Equal Employment Opportunities	Talent attraction and retention	Topic split	To strengthen the management of social (human rights) impacts, this previously consolidated topic was divided based on management practices. This topic focuses on competitive compensation and benefits, together with transparent promotion mechanisms, aligning with GRI 401 (Employment) and strengthening LCY's competitiveness in attracting and retaining talent.
	Talent Cultivation & Development	Topic split	Separated from the original topic to strengthen employee training and career development through a systematic learning and development framework. This aligns employee capability development with the LCY's long-term business strategy and GRI 404 (Training and Education).
	Employee Rights, Diversity and Equal Opportunity	Topic split	Separated from the original topic This topic focuses on promoting fair and inclusive employment practices by prohibiting child labor, forced labor, and workplace discrimination, while fostering a safe workplace grounded in DEI (Diversity, Equity, and Inclusion), consistent with GRI 405 and GRI 406.
Community Relations	Community Relations	No change	The core impact management approach remains consistent with the previous reporting period, with no material changes to the materiality assessment results or disclosure boundary.

Materiality Matrix

2025 ESG Materiality Matrix



Environment
- A Nature & Biodiversity
- B Energy Transformation
- C Water Management
- D Green Products and Services
- E Pollution prevention and emission control
- F Chemical and hazardous substance management
- G Energy and Climate Management

Society
- A Community Relations
- B Employee Rights, Diversity and Equal Opportunity
- C Labor/Management Relations
- D Occupational Safety & Health
- E Talent Cultivation & Development
- F Talent attraction and retention

Governance
- A Climate Risk and Response
- B Sustainable procurement and supply chain management
- C Board Functions and Governance Oversight
- D Regulatory compliance and internal control governance
- E Risk management and risk alert mechanism
- F Information Security & Personal Data Protection
- G Business Ethics & Integrity
- H Product Quality

Note 1: Material topics are located in the blue square in the upper-right corner.
Note 2: A total of 11 material topics were identified based on assessments of operational impact and stakeholder concern.

Preface 01 Strong Sustainable Governance 02 Leading Circular Innovation 03 Green Operations: Leading Low-Carbon Transition 04 Promoting Social Prosperity Appendix LCY 李長榮

Explanation of Material Topics and Its Boundary

LCY developed a materiality analysis matrix based on the results of stakeholder surveys and operational impact assessments. Each ESG topic was further identified, analyzed, and discussed to evaluate its relevance and level of impact. In the end, 11 material topics were determined, serving as the foundation for the structure and chapter planning of this report.

	Material Topics	Context and Impact of the Material Topic	Stakeholders: Employees	Customers	Government Agencies	Communities	Suppliers	Investors	Banks	Academic Institutions	Media	Impact Description (Environment, Economy, and Human Rights)	Applicable Standards and Frameworks: GRI Standards	Accounting Metric	Management Approach and Reference
E	GHG Emissions and Energy Management	Countries are introducing carbon pricing mechanisms and strengthening GHG management regulations as global attention to climate change continues to intensify. These developments are increasing both decarbonization pressures and regulatory compliance requirements for businesses. Meanwhile, growing market expectations for low-carbon products and decarbonized supply chains have made energy efficiency and emissions management key to a company's competitiveness. As an energy-intensive chemical manufacturer, LCY is committed to improving energy efficiency through process optimization and energy-saving initiatives. LCY is advancing its decarbonization strategy by expanding the use of renewable energy, which reduces GHG emissions and optimizes the company's energy mix. Therefore, GHG emissions and energy management have become critical to LCY's low-carbon transition and long-term sustainable development.			●						●	**Negative Impact** LCY's energy consumption and GHG emissions contribute to climate change and may have long-term impacts on the environment and society (human rights). Additionally, as carbon pricing mechanisms and climate regulations continue to evolve, failing to manage emissions effectively could lead to higher operating costs and financial risks. **Positive Impact** LCY reduces its carbon emissions intensity and mitigates its climate impact through process optimization, improved energy efficiency, and the adoption of renewable energy. Effective implementation of its decarbonization strategy also strengthens LCY's low-carbon competitiveness, responds to evolving market expectations, reduces future carbon-related cost risks, and creates long-term economic and environmental value.	GRI 302-1 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5	RT-CH-110a.1 RT-CH-110a.2 RT-CH-130a.1	3.3.1 Carbon Management 3.3.2 Energy Management
	Pollution prevention and emission control	As environmental awareness rises and regulatory requirements become more stringent, managing wastewater, emissions, and industrial noise has become crucial for regulatory compliance and maintaining a positive corporate image. At the same time, the movement toward a circular economy is prompting companies to rethink their resource efficiency and waste management practices in order to reduce their environmental footprint. LCY continuously evaluates resource utilization across its production processes and promotes circularity through R&D and collaboration within its supply chain to minimize waste. The company reduces pollution at the source by optimizing manufacturing processes. This includes adopting lower-impact raw materials, improving production yields, and enhancing wastewater treatment processes. Additionally, regular maintenance and replacement of equipment helps reduce noise emissions and strengthens overall environmental management performance.			●						●	**Negative Impact** Failure to properly manage wastewater, emissions, and industrial noise may adversely affect the surrounding environment and ecosystems, while also impacting the health and quality of life of local communities. **Positive Impact** LCY reduces pollutant emissions and waste generation by advancing circular economy initiatives, optimizing manufacturing processes, and implementing pollution prevention measures. These efforts reduce the negative impact on the environment. Improved equipment management and technological upgrades enhance resource efficiency, supporting environmental protection and long-term sustainable development.	GRI 303-4 GRI 303-5 GRI 305-7 GRI 306-1 GRI 306-3 GRI 306-4	RT-CH-140a.1 RT-CH-140a.2 RT-CH-150a.1	3.4 Air Quality Management 3.5 Water Management 3.6 Waste Management
	Chemical and hazardous substance management	Chemical manufacturing involves the use of a wide range of chemicals, some of which may be toxic, flammable, or hazardous to the environment. These substances may pose risks to the environment and human health without effective management. As chemical management regulations continue to tighten globally, businesses must establish robust management systems to ensure the safe and compliant use of chemicals. LCY has established a comprehensive chemical registration and management system to rigorously control the storage, handling, transportation, and disposal of hazardous and regulated chemicals. LCY also promotes safer alternatives through R&D, progressively reducing the use of hazardous substances and mitigating their potential impacts on the environment and employee health.	●	●	●	●		●		●	●	**Negative Impact** Inadequate management of chemicals and hazardous substances may result in leaks, exposure, or improper disposal. Such incidents may adversely affect environmental quality and pose health risks to employees and surrounding communities. **Positive Impact** Through comprehensive chemical management practices and the adoption of safer alternatives, LCY reduces the use of hazardous substances and associated risks. These efforts strengthen workplace safety, enhance environmental protection, improve regulatory compliance, and support the LCY's long-term sustainability performance.	GRI 306-2 GRI 416-1 GRI 416-2	RT-CH-410a.1 RT-CH-410b.1 RT-CH-410b.2	2.3 Responsible Chemical Management
S	Talent Cultivation & Development	As industries rapidly evolve and business transformation accelerates, workforce capabilities and continuous learning have become critical to long-term corporate success. Companies must establish robust talent development programs to enhance employees' skills and adaptability, enabling them to respond to changing market conditions and evolving business needs. LCY has established a systematic learning and development framework that provides diverse training resources and career development opportunities. By helping employees strengthen their professional capabilities and expand their career pathways, LCY is fostering mutual growth for both employees and the organization while enhancing its overall talent competitiveness.						●		●		**Negative Impact** Without a comprehensive talent development framework, employees professional capabilities and career advancement opportunities may be negatively impacted. This could ultimately reduce organizational competitiveness and operational effectiveness. **Positive Impact** Through structured training programs and diverse development opportunities, LCY enhances employees' professional capabilities and job performance. These efforts strengthen organizational resilience and innovation, support employee career growth and talent retention, and create long-term value for both the company and its employees.	GRI 404-1 GRI 404-2 GRI 404-3 GRI 405 GRI 408-1 GRI 412-2	-	4.1 Human Rights Policies 4.4.1 Talent Cultivation Policies
	Talent attraction and retention	In an era of intensifying global competition for talent and evolving labor markets, a company's ability to attract and retain skilled employees has become essential for long-term sustainability and competitiveness. Beyond competitive compensation and benefits, employees increasingly value career development opportunities, organizational fairness, and an inclusive, supportive workplace. LCY is committed to providing competitive compensation and benefits. These are supported by fair and transparent promotion mechanisms and a robust talent development system. LCY fosters a diverse and inclusive workplace to strengthen employee engagement and sense of belonging. This helps LCY recruit and retain key talent to support long-term business growth.						●		●		**Negative Impact** A lack of competitive compensation, benefits, and a positive work environment can lead to difficulties in attracting and retaining talent. This could result in higher employee turnover, which would negatively impact organizational stability and operational performance. **Positive Impact** LCY enhances employee satisfaction and retention, strengthens organizational stability and talent competitiveness, and fosters a diverse and inclusive workplace culture through comprehensive talent attraction and retention initiatives. These support the company's long-term sustainable development.	GRI 401-1 GRI 401-2 GRI 405-1	-	4.3 Employee Welfare 4.3.1 Compensation and Benefits 4.3.2 Employee Health & Safety

Preface 01 Strong Sustainable Governance 02 Leading Circular Innovation 03 Green Operations: Leading Low-Carbon Transition 04 Promoting Social Prosperity Appendix LCY 李長榮

	Material Topics	Context and Impact of the Material Topic	Stakeholders: Employees	Customers	Government Agencies	Communities	Suppliers	Investors	Banks	Academic Institutions	Media	Impact Description (Environment, Economy, and Human Rights)	Applicable Standards and Frameworks: GRI Standards	Accounting Metric	Management Approach and Reference
S	Labor / Management Relations	Stable operations and long-term sustainable development depend on healthy labor-management relations. As employees place greater importance on labor rights, transparent communication, and work-life balance, companies must establish effective communication mechanisms and employee support initiatives to foster mutual trust and collaboration between management and employees. LCY has established diverse and accessible communication channels and regularly engages in labor-management dialogue to ensure fair working conditions, uphold employee rights, and effectively communicate corporate policies and strategic objectives. LCY also provides various support and care initiatives to promote work-life balance and foster a supportive workplace culture where employees can thrive.	●					●				**Negative Impact** Inadequate communication between labor and management or insufficient protection of employee rights can lead to labor disputes. These disputes can affect employee morale and organizational stability and potentially have an adverse impact on business operations. **Positive Impact** LCY strengthens mutual trust between management and employees through effective labor-management communication mechanisms and employee support initiatives, enhancing employee satisfaction and engagement. These efforts promote organizational stability and foster a collaborative workplace culture.	GRI 402-1 GRI 403-4	-	4.3 Employee Welfare 4.3.1 Compensation and Benefits 4.3.2 Employee Health & Safety
	Occupational Safety & Health	The chemical industry involves inherent operational risks, making occupational health and safety (OHS) management essential to protecting employees and maintaining operational continuity. As regulatory requirements and stakeholder expectations for workplace safety continue to increase, companies must continue to strengthen their safety management systems and preventive measures to reduce occupational risks. LCY is committed to the continuous enhancement of its OHS management system. This commitment is demonstrated through regular risk assessments and emergency response drills. LCY also enhances employees' safety awareness and health protection capabilities while fostering a safe work environment and cultivating a comprehensive safety culture.	●		●	●	●		●	●		**Negative Impact** Inadequate OHS management may result in workplace incidents or occupational injuries, which poses a threat to employees' health and safety. Such events may also disrupt business operations and negatively impact the company's reputation. **Positive Impact** LCY effectively reduces occupational risks while safeguarding employee health and safety through robust safety management systems and ongoing training. These efforts also strengthen the company's safety culture and support stable operations.	GRI 403-1 GRI 403-2 GRI 403-5 GRI 403-9 GRI 403-10	RT-CH-320a.1 RT-CH-320a.2 RT-CH-540a.1 RT-CH-540a.2	4.5.1 Occupational Safety Management
G	Sustainable procurement and supply chain management	As corporate sustainability responsibilities increasingly extend beyond direct operations to encompass the supply chain, suppliers' performance in environmental protection, human rights, and social responsibility has become a key factor influencing a company's overall sustainability performance and brand image. At the same time, growing expectations from international customers and other stakeholders for supply chain transparency and effective risk management are driving companies to strengthen sustainable supply chain management. LCY has established a supplier evaluation and management framework to identify, assess, and manage potential environmental, human rights, and social risks across its supply chain. Through a supplier segmentation program, LCY recognizes high-performing suppliers with incentives and expanded business opportunities, while supporting underperforming suppliers through improvement initiatives or adjusting procurement strategies as appropriate. These efforts help continuously enhance the overall sustainability performance of the supply chain.		●			●			●	●	**Negative Impact** Without effective supply chain management, environmental pollution, human rights violations, and poor labor practices may occur. These issues can have adverse impacts on people and the environment, affecting a company's reputation and operational stability. **Positive Impact** LCY promotes compliance with environmental and social responsibility standards throughout its supply chain through robust supplier management and risk control mechanisms. These mechanisms reduce potential adverse impacts and enhance supply chain transparency and resilience, creating long-term sustainable value.	GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	-	1.6 Supply Chain Management 1.6.1 Supply Chain Overview 1.6.2 Supplier Management Procedures 1.6.3 Supply Chain Audit
	Product Quality	Product quality is fundamental to maintaining market competitiveness and earning customer trust. As customers place increasing emphasis on product consistency and reliability, companies must establish robust quality management systems to ensure products meet applicable standards and customer requirements at every stage of the product lifecycle. LCY is committed to continuously enhancing its quality management framework, which encompasses every stage, including R&D, manufacturing, and product delivery. Through strengthened quality control and continuous improvement, the company consistently delivers products that meet customer expectations. This allows LCY to build long-term customer relationships that create enduring value.		●			●	●	●			**Negative Impact** Inadequate quality management may result in products that fail to meet specifications or customer requirements. This can compromise customer safety and confidence while adversely affecting the company's reputation and business performance. **Positive Impact** LCY enhances product consistency and reliability while meeting customer expectations through a robust quality management system and "kaizen" (continuous improvement) culture. These efforts strengthen customer relationships and market competitiveness, thereby supporting long-term value creation.	GRI 416-1 GRI 416-2 GRI 417-1	-	1.5 Product Quality and Customer Relations
	Business ethics and integrity	Business ethics and integrity are becoming ever more fundamental to sound corporate governance and sustainable business development amid intensifying global competition and increasingly stringent regulatory requirements. As stakeholders place greater emphasis on corporate transparency and regulatory compliance, companies must establish robust integrity management systems to prevent misconduct and mitigate business risks. LCY has established a comprehensive business ethics and integrity management framework that clearly defines its principles on anti-corruption, anti-trust, and fair competition, while prohibiting the acceptance of improper benefits. LCY also maintains internal whistleblowing and grievance mechanisms to prevent, detect, and address misconduct. These measures help ensure compliance with applicable laws and ethical standards while safeguarding the company's reputation.	●	●			●		●			**Negative Impact** Without effective integrity management mechanisms, companies may be exposed to corruption, improper benefits, or violations of competition laws. Such incidents can undermine fair market competition and pose significant risks to the company's reputation and business operations. **Positive Impact** By implementing robust business ethics and integrity management systems, LCY reduces the risk of misconduct, strengthens governance and operational transparency, enhances stakeholder trust, and supports the company's sustainable growth.	GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1	RT-CH-530a.1	1.3 Regulatory Compliance
	Regulatory compliance and internal control governance	As business operations expand and regulatory requirements become increasingly stringent, regulatory compliance and effective internal control systems have become fundamental to sound corporate governance and risk management. A robust internal control framework helps ensure transparent operations, accurate information disclosure, and responsiveness to stakeholder expectations regarding governance quality. LCY has established internal control and management systems in accordance with applicable laws and regulations. LCY continues to strengthen its compliance mechanisms and risk management processes to ensure business activities are compliant. It also enhances the accuracy and timeliness of disclosure, thereby protecting shareholder and stakeholder interests.	●	●	●		●					**Negative Impact** Inadequate regulatory compliance or internal control systems may result in regulatory violations or inaccurate disclosure. These issues can disrupt business operations and adversely affect the interests of shareholders and stakeholders. **Positive Impact** LCY enhances operational transparency and the reliability of information disclosure through robust compliance and internal control systems. These efforts strengthen risk management capabilities, build stakeholder trust, and promote the company's long-term sustainable growth.	GRI 2-27	RT-CH-530a.1	1.3 Regulatory Compliance

Events of Material Impact

LCY has established multiple grievance and whistleblowing channels to identify and receive reports of actual or potential negative impacts arising from its operations on the environment and society (human rights). If a material incident involving legal or regulatory compliance, major process safety, or human rights occurs, the responsible internal functions immediately activate the company's incident response procedures. The nature of the incident, its potential financial and non-financial impacts, and proposed corrective actions are promptly reported to the highest governance body, the board of directors. The board oversees and provides guidance on the implementation and effectiveness of subsequent mitigation and corrective measures.

Following the renewed materiality assessment conducted in 2025, LCY has further strengthened its routine monitoring mechanisms. During the reporting period, no material incidents were identified through the grievance mechanisms or other reporting channels that required escalation to the board. In addition, none of LCY's operations in Taiwan or China experienced any material negative events related to economic, environmental, or human rights matters (e.g., major process safety incidents or significant labor and human rights disputes). Although several environmental administrative penalties were imposed during the reporting period due to manufacturing equipment operations (see Section 3.1.3 for details), each case was reported and addressed by the responsible unit in accordance with established standard operating procedures. None of these incidents escalated into material events with widespread environmental or social (human rights) impacts.

Changes in Organizational Boundary Due to Equity Disposal of an Affiliated Company

Between January 19 and April 30, 2026, LCY disposed of its shareholding in its affiliated company, LCY Technology Corp. (TWSE: 4989, "LCYtech"), in accordance with applicable regulations. As of April 30, 2026, LCY's ownership interest in LCYtech had decreased to 6.3%. As a result of this significant asset disposal, LCY relinquished its board representation and no longer retained effective control over LCYtech. Accordingly, the legal and governance relationship between the two companies changed from that of a parent and subsidiary to that of related parties.

Because the equity disposal and transfer of effective control occurred in 2026, the financial, environmental, social (human rights), and governance information presented in this 2025 ESG Report continues to fully reflect LCYtech's operating performance throughout the reporting period. This approach ensures the completeness of the 2025 disclosures.

Beginning in 2026, LCYtech will be excluded from LCY's non-financial reporting boundary and sustainability reporting scope. In accordance with GRI 2-2 and the GHG Protocol, LCY will comprehensively recalculate its historical environmental data, electricity consumption baseline, and the base-year values used for its GHG reduction and renewable energy targets. The company will also establish a revised climate transition pathway that reflects the updated organizational boundary following the exclusion of LCYtech. These measures are intended to preserve the comparability of non-financial information across reporting periods.

2025 ESG Highlights

Governance

NT$47.3 billion
Consolidated revenue

NT$47.3 billion in consolidated revenue and NT$2.08 billion in consolidated net income after taxes in 2025.

10%
Green Revenue

10% Green Revenue - Revenue from green products reached NT$4,568,526,000, accounting for 10% of overall revenue.

Environmental

Decreased by 32%
Combined carbon emissions

▼ 32% - Combined carbon emissions from LCY locations in Taiwan, China, the US, and Canada decreased by 32% compared to the base year (2021).

↓4%
NOx Unit Product Emission

▼ 4% - Total NOx unit product emission from LCY locations in Taiwan, China, the US, and Canada decreased by 4% compared to the previous year (2024).

↓23%
SOx unit product emissions

▼ 23% - Total SOx unit product emissions from LCY locations in Taiwan, China, and the US and Canada decreased by 23% compared to the previous year (2024).

Social

100%
Return Rate

75% return rate and 100% retention rate after parental leave.

100%
Employee Health Screening

Achieved 100% participation rate in employee health screenings in 2025, and a 100% participation rate across all LCY operational sites in Taiwan in cancer screenings/government-subsidized four cancer screenings conducted by the Health Promotion Administration.

NT$47.3 billion

NT$47.3 billion in consolidated revenue and NT$2.09 billion in consolidated net income after taxes in 2025.

4.67

Customer satisfaction score: 4.67/5.00

96.5%

Supplier audit rate: 96.5%

Strong Sustainable Governance

- Business ethics and integrity
- Regulatory compliance and internal control governance
- Product Quality
- Sustainable procurement and supply chain management

We are dedicated to establishing a robust corporate governance system, adhering to laws and regulations at all locations, and implementing honest and ethical business practices. Our commitment is to foster a corporate culture rooted in integrity and accountability. We will continue to uphold the highest standards of business integrity at the operational level while developing an effective governance mechanism. Our goal is to serve the long-term interests of the company and its shareholders while fulfilling the group's social responsibilities. Business performance in 2025 declined slightly compared with 2024, primarily due to softer market demand. However, organizational optimization and a strategic shift in the product portfolio contributed to improved gross profit performance. NT$47.3 billion in consolidated revenue and NT$2.09 billion in consolidated net income after taxes in 2025.

1.1 About LCY

1.1.1 Company Profile

Founded in 1965, LCY Chemical Corp. believes in reimagining science for a thriving tomorrow. LCY's business centers around three strategic pillars: Performance Polymers & Materials, Semiconductor & Interconnect, and Sustainable Technology. This foundation extends to five business units: Performance Materials, Industrial Solutions, Electronics Materials, Interconnect Solutions (LCYtech) and Biosciences & Nutrition Solutions. With an undeniable global presence, LCY upholds the core values of safety and health, integrity, accountability, kaizen (continuous Improvement), and co-creation in the ongoing commitment to the field of materials science. Looking ahead, LCY will leverage our growth momentum to nurture future materials science talent and catalyze innovation to lead industry transformation.

LCY Development Milestones

1915 LCY was established

1965 LCY Chemical Corp. was established

1977 LCY Chemical Corp. was listed on the Taiwan Stock Exchange (1704)

1997 Established Zhenjiang LCY General Chemical Co., Ltd. and Zhenjiang LCY Warehousing & Storage Co., Ltd.

2004 Established presence in the US Acquisition of Polimeri Europa's TPE plant in Baytown, Texas

2005 Operation established in Southern China Established TPE plant in Huizhou

2006 Acquired Taiwan Plastics & polymers (TPP) that produces PP and its derivatives

2019 Acquired by US investment company KKR and delisted from TSE Acquisition of BioAmber's Sarnia assets Began operations in Canada

2021 Acquired Bridgestone's Huizhou Plant Emulsion polymerized styrene butadiene rubber (ESBR) production line

2024 Established the CTSP Branch to expand production line for electronic-grade materials

2025 Established a JV to enter the SEA market and expand the composite materials production line.

Five Business Units

Performance Materials

A global leader in innovative specialty material solutions

The only supplier in the industry offering both rubber and plastics, LCY is committed to developing differentiated, market-driven products. We provide comprehensive support to customers worldwide across technical services, application development, new product research, market intelligence, and business services.

- TPE Globalprene
- PP Globalene
- Performance composite
- ESBR

Industrial Solutions

Committed to becoming a world-leading manufacturer of essential carbon-neutral industrial solutions

LCY has achieved a global presence in the production of pentaerythritol, paraformaldehyde, and isopropanol (IPA), solidifying its position as a key player in the international chemical industry. In 2016, LCY initiated research and development on MBR, facilitating 100% recycling of wastewater from the manufacturing process. Advancing water recycling technology remains a focal point of LCY's ongoing efforts.

- MBR
- Solvent
- Methanol

Electronics Materials

Delivering ultra-high-purity, innovative, and green electronic materials to semiconductor customers worldwide

LCY is the only manufacturing company in Taiwan that offers vertically integrated production of isopropanol (IPA) and acetone (DMK) for electronics manufacturers. LCY offers a high-purity product portfolio (control limit < 0.1 ppb) and recycling service for EIPA and EDMK.

- EIPA
- EDMK

Interconnect Solutions (LCYtech)

A trusted interconnect technology partner, creating a smarter world with green solutions

We are the upstream material supplier for the printed circuit board (PCB) industry. LCY uses 100% reclaimed wire and cable as manufacturing raw materials. We have mastered key processes and technologies to develop next-generation copper foil with high density, thinness, and high heat resistance.

- Premium thin foil technology

Biosciences & Nutrition Solutions

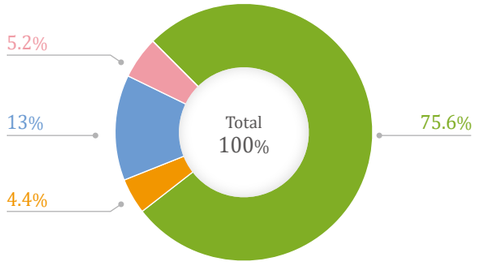
A global innovator driving sustainable change and a leader in bioscience solutions

LCY replaces fossil fuels with renewable feedstocks rich in sugars and fatty acids. Using proprietary yeast and advanced biotechnology, we sustainably produce the desired products.

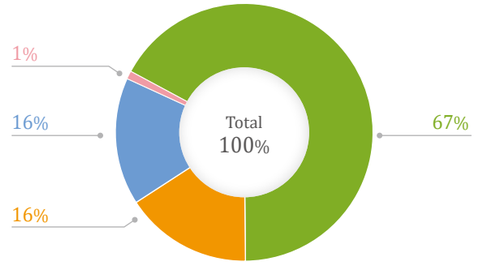
- Fermented astaxanthin
- Fermented lycopene
- Fermented Vitamin A

Note: In alignment with LCY's new brand positioning, the company reorganized into five business units in 2024, creating a more efficient and agile operating structure. This transformation is designed to embed the vision of "Catalyze Innovation" into every aspect of the organization and into the mindset of every colleague. LCY is no longer defined solely as a chemical company, but as a science-centric, future-oriented enterprise committed to innovation. Our purpose is to address the pressing challenges faced by human civilization. At LCY, we believe in reimagining science for a thriving tomorrow.

Presented based on Business Unit (BU) share of consolidated revenues in 2025



Presented based on Business Unit (BU) share of production volume in 2025



Note 1: The data includes Sarnia Plant in Canada

Note 2: Statistics are based on products measurable by weight. (Products or services that cannot be quantified by weight, such as MBR products from the Industrial Solutions Business Unit, are excluded from the report.)

During the reporting period, there were no significant changes to the company's core industry classification, business activities, upstream and downstream value chain structure, or other business relationships compared with the previous reporting period (2024). LCY's operational scope and key markets remained stable throughout the year. Fluctuations in revenue reflected normal changes in market supply and demand and did not materially affect the company's overall value chain structure or business model.

1.1.2 Company Performance

In 2025, revenue declined slightly due to weaker end-market demand for traditional chemical products. Nevertheless, the company strengthened its operational fundamentals and enhanced gross profit performance by improving its product portfolio and optimizing its organizational structure.

(Unit: million)

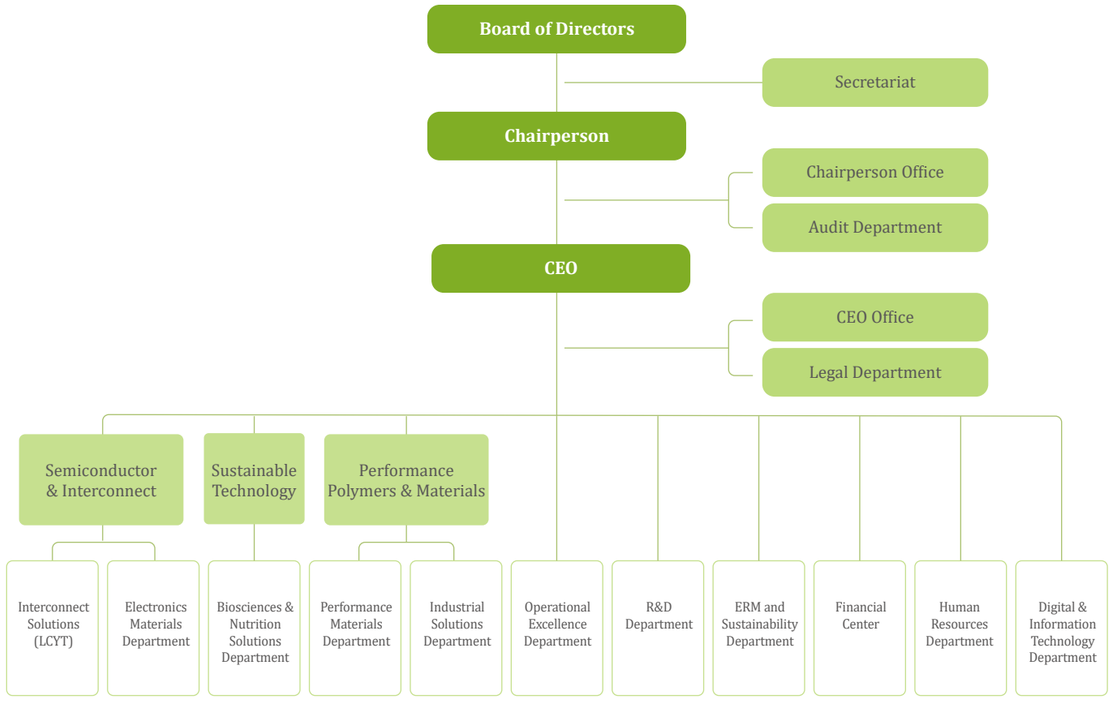
Category	2025 年
Capital	0.292
Consolidated revenue	47,306
Gross profit	7,184
Corporate income tax	1,060
Consolidated net income after taxes (NIAT)	2,088
After-tax earnings per share (Unit: NT$)	208,827
Net asset value per share (Unit: NT$)	544,255
Employee salary and benefits	2,863,030

1.2 Sustainable Governance

1.2.1 Corporate Governance

LCY is committed to establishing a robust corporate governance system, strictly complying with laws and regulations across all operating jurisdictions, and practicing business integrity and ethical management. We strive to foster a corporate culture rooted in integrity and accountability, upholding the highest standards of business integrity at the operational level while developing an effective governance mechanism that serve the long-term interests of the company and its shareholders while fulfilling the group's social responsibilities. By establishing an appropriate internal control system, we ensure that the company's internal rules are aligned with external regulations and are thoroughly implemented, thereby mitigating operational risks and embedding sustainable corporate governance.

LCY Corp. Organization Chart



Note: LCY Technology Corp. (LCYtech) is an independently listed company.
In 2024, the Environmental Risk Management Department was renamed the Department of Environmental Risk Management and Sustainability Development; the department was incorporated into the Sustainability Development Department, which previously reported to the Office of the CEO.

1.2.2 Board Responsibilities and Operations

The board of directors of LCY Chemical Corp. exercises the powers of the shareholders' meeting. As the highest governing body, that the Board is responsible for overseeing the overall operational strategies and evaluating the management performance. To ensure robust and effective board operations, the board meets at least once a quarter to resolve and adjust business strategies. In 2025, the board of directors convened nine times with an attendance rate of 100%, far exceeding regulatory requirements. The board consists of three directors serving three-year terms, who are appointed by the corporate shareholder and possess expertise in business development, legal affairs, financial management, and accounting and auditing. In addition to professional qualifications, "competencies relevant to the organizational impacts" are incorporate as a key consideration in the board selection process. LCY places a strong emphasis on board diversity and complementary expertise. Directors of different nationalities are appointed to leverage global market insights, enhancing the quality of strategic decision-making and strengthening organizational resilience in an increasingly globalized business environment. Due to the board's streamlined size, however, it does not currently include representatives from specific underrepresented social groups or external stakeholder groups. The board's responsibilities include formulating business strategies, reviewing and approving key policies and contracts, appointing and dismissing senior executives, establishing and dissolving branch offices, approving budgets, overseeing financial reporting, and supervising non-financial (ESG) disclosures and management. The board is responsible for reviewing and approving the annual materiality assessment results submitted by the ESG Strategy Committee, ensuring that organizational impact management and strategic direction aligned with stakeholder expectations. The Chairman does not concurrently hold executive roles (such as the President or CEO). The company maintains a clear division of authority, the company enforces separation of decision-making and operational execution, establishing a transparent governance framework that systematically mitigating potential conflicts of interest. With the unanimous consent of the board, the Chairman represents the company externally, guiding LCY's alignment with international benchmarks and continuously creating long-term value.

In 2023, LCY underwent its "Fourth Transformation," strengthening its business competitiveness while strengthen Integrity as one of the company's core values. All board members are required to comply with the LCY's Code of Ethical Conduct and Anti-Bribery Policy. Each director is also required to sign an Anti-Bribery Management Compliance Statement to enforce mechanisms for preventing conflict of interests. To address the trends in climate risk management and sustainable operation, all board members are required to completing training on corporate governance and regulatory compliance. Topics including Anti-Corruption and Anti-Bribery Advocacy, Prevention of Insider Trading, Reporting Changes in Insider Shareholding, and Short-Term Trading Regulations. Looking forward, LCY plans to integrates topics such as climate change, the environment and biodiversity, labor and human rights, and supply chain management into executive education programs. This aims to deepen executive knowledge, ensuring that material assessment of environmental and social (human rights) impacts is systematically incorporated into decision-making process and business operations. They also reinforce the company's long-term commitment to environmental stewardship and shared social prosperity.

In accordance with the company's audit plan, the Internal Audit Department conducts quarterly sample audits of related-party transactions and outstanding balances. Through these independent assessments, the department evaluates the effectiveness of internal controls and compliance processes. Audit results are periodically presented in full to the Board. Reports include risk assessments, recommended corrective actions, and follow-up measures to ensure transaction transparency, safeguard financial assets, and continuously elevate governance standards.

Chairman
T. H. Hung

Education MBA, Preston University, US
Gender Male
Age >51

Other Board Positions
Chairman, KKY Co., Ltd.

Director
Clark Feng

Education Bachelor's degree, Peking University
MBA, Columbia University
KKR Managing Director, Private Equity
Gender Male **Age** <51

Other Board Positions
Chairman, LCY GRIT CORP.

Director
Charles Wei

Education Bachelor of Business Administration, Fu Jen Catholic University
Gender Male **Age** >51

Other Board Positions
Director, KAO HSIUNG COGEN CO., LTD.

Note: The current board serves a three-year term (January 2025–January 2028). As of the reporting period, 100% of board members are male. The age distribution is as follows: 0% under age 30, 33% between ages 31 and 50, and 67% aged 51 or above.

1.2.3 ESG Sustainability Strategy Committee & Ethical Management Committee

LCY has established two board-level committees—the ESG Sustainability Strategy Committee (ESG SSC) and the Ethical Management Committee. Both committees present dedicated briefings to the Board and operate under its oversight and guidance.

The ESG SSC serves as the company's highest management functional unit for implementing climate risk management and sustainability governance. Every two to three years, the committee conducts materiality identification and impact assessment,utilizing surveys to screen issues with the material impacts to the organizational operations. Following the committee's review, the results are submitted to the Board for approval and serve as the guidance for working groups across the relevant functional department to formulate action plan. These plans cover areas including environmental protection, occupational health and safety, corporate social responsibility, corporate governance, and public policy engagement, ensuring that the corporate development strategy remains highly aligned with stakeholder expectations. The committee meets quarterly and is chaired by the Chairman with the CEO as Vice Chairman. It oversees the company's sustainability roadmap and monitors the performance of business units, ensuring that development strategy leverage core competencies while deeply integrating the sustainability vision. In 2025, the committee delivered two dedicated reports to the Board, covering evolutions and monitoring of international sustainability standards and emerging climate-related regulations trends, as well as planning and execution outcomes of green transition strategies, including carbon management and decarbonization initiatives. This ensures that the Board, when making major decisions such as resource allocation, business expansion, and technology development can conduct prudent evaluations based on empirical information, balancing near-term transition costs against long-term operational resilience. For detailed trade-off consideration regarding financial impacts assessment and mitigation strategies of specific climate risks, please refer to Section 3.2 Climate Strategy.

The ESG SSC is supported by cross-functional working groups: Green Transformation, Social Inclusivity, Employee Care, and Corporate Governance. These working groups bring together expertise from business operations, R&D, and production sites to assess the impacts of material sustainability issues and climate-related risks on LCY's operations. They are also responsible for exploring strategic responses and formulating and implementing the company's sustainability transition policies. Following a proposal submitted by the ESG SSC and approved by the board in 2024<Note>, LCY formally updated and established its low-carbon transition pathway in Q1 2025 to align with the Science Based Targets (SBTs). The updated roadmap establishes a medium-term target of achieving a 42% absolute reduction in Scope 1 and Scope 2 GHG emissions by 2030, responding to the Paris Agreement's the 1.5° C pathway, while establishing a long-term vision of net-zero emissions by 2050.

Note: To account for changes in organizational boundaries resulting from business expansion and M&A activities, and to preserve the completeness, comparability, and consistency of emissions disclosures, the Green Transformation Team referenced the Science Based Targets initiative (SBTi) Base Year Recalculation Guidance when proposing to reset LCY's emissions base year from 2019 to 2021. The proposal was formally submitted to the ESG SSC for review in 2025, ensuring that the base year accurately reflects the company's adjusted operational boundary. Following approval by senior management (the Group Chairman), and in line with LCY's commitment to accelerating its climate transition while fulfilling its responsibilities as one of Taiwan's leading petrochemical companies, the company simultaneously strengthened its 2030 GHG emissions reduction target to 42%. Both the base year recalculation and the revised emissions reduction target were formally approved by the board in Q1 of 2025 and adopted as LCY's core climate performance metrics.

Sustainability Development Department and Carbon Management Platform

The Sustainability Development Department was established in 2023 as part of the organizational restructuring of the former Environmental Risk Management Department into the Department of Environmental Risk Management and Sustainability Development. In 2024, LCY completed the implementation of its ESG Data Management Platform to enhance the accuracy, and traceability of non-financial data. The ESG Data Management Platform integrates key sustainability performance indicators across the following areas:

GHG emissions	Scope 1, Scope 2, and Scope 3 emissions
Environmental resource management	Air quality monitoring; water withdrawal, discharge, and consumption; and waste quantification and resource recovery management
Transition project implementation	Monitoring indicators aligned with the Ministry of Environment's Voluntary GHG Reduction Plan

Looking ahead, LCY will progressively expand the platform to incorporate project management for additional sustainability topics.

Sustainability Performance

CDP – Water Security / Supplier

MVGX Carbon Neutrality Rating*

EcoVadis*

Note: About the MVGX Carbon Neutrality Rating: The MVGX Carbon Neutrality Rating was jointly developed by MVGX Tech and the Asia Carbon Neutrality Assessment Center, with support from the International Organization for Standardization (ISO). The rating is independently verified by TÜV SÜD. A Platinum rating signifies that an organization ranks among the top 10% of assessed organizations for carbon neutrality performance.

The Sustainability Development Department conducted ESG engagement sessions across 11 manufacturing plants within various business units, totaling 24 sessions (including two in-person sessions and 22 virtual meetings). The sessions reviewed and communicated the previous year's sustainability performance and outlined planned initiatives for the current year across key areas. Vice presidents and above, functional unit heads, business unit managers, and plant representatives were required to participate to reinforce a culture of continuous improvement and build an organization-wide culture of accountability.

In 2025, in response to the launch of the Sustainability Awards proposal competition at Taiwan and China sites, LCY conducted three hybrid (in-person and virtual) sustainability awareness sessions covering key topics, including environmental management, supply chain sustainability, and labor and human rights. In addition, four training sessions were provided for US and Canadian sites on emerging sustainability initiatives and regulatory requirements, including ISCC PLUS certification and Scope 3 GHG accounting. On an ad-hoc basis, tailored in-person or virtual training programs are also arranged based on departmental needs to enhance employees' ESG competencies.

In January 2022, the Board voted to establish the Ethical Management Committee, in line with international standards and the United Nations' advocacy for ethical corporate governance. This initiative is central to supporting LCY's sustainable development. The committee, which reports to the Board, is responsible for formulating ethical management policies and prevention programs, as well as supervising the implementation of Article 17 of the Ethical Corporate Management Best Practice Principles. The committee is required to report to the Board at least once a year and to convenes as needed.

The Ethical Management Committee is composed of heads from the Finance Division, the Human Resources Department, and the Compliance Division. The committee chair is elected by mutual recommendation of its members and is tasked with appointing a secretary to support its work. In 2025, the committee was chaired by the head of Human Resources Department. In accordance with regulations, the Ethical Management Committee also convened as required during the year.

Integrity is a core value at LCY, with zero tolerance for bribery, corruption, fraud, and all other forms of unethical conduct. Through 2024, LCY published key policies on its official website — including the United Nations Global Compact, LCY Employee Guidelines, Anti-Bribery Policy, Regulations of Whistleblowing System, and LCY Human Rights Policies — to ensure awareness compliance across employees, subsidiaries, and external stakeholders. Furthermore, LCY also regularly conducts ethical corporate management training to directors, employees, and consultants.

Ethical Corporate Management Training in 2025

Name of Training Course		Required Participants	Participants Trained	Completion Rate
Anti-Corruption and Integrity Training (all employees)	Taiwan	1219	1219	100
	China	479	479	100
	N. America	97	97	100
ESG Investment, Corporate Social Responsibility, and Corporate Governance: Case Studies (co-hosted)		56	56	100
Insider Trading Prevention Training	(Board members and managers)	18	18	100

The company provides a whistleblowing mailbox for individuals to disclose violations of ethical conduct, inappropriate behavior and bribery. Whistleblowers are encouraged to provide specific evidence and may choose to report anonymously or with named disclosure. The company encourages reports based on good faith or reasonable belief and ensures the confidentiality of the whistleblower's identity and the content of the report. It also guarantees that whistleblowers will not face undue consequences for their disclosures. Upon receipt of a report of unethical behavior, the CEO will direct the formation of a cross-departmental investigation team, including, at a minimum, the head of Internal Audit. The results of the investigation are then presented to the Ethical Management Committee for review.

• **By letter:** Ethics Management Committee, 3F, No. 85, Section 4, Bade Road, Songshan District, Taipei City • **By e-mail:** gm@lcygroup.com

- LCY Ethical Corporate Management Best Practice Principles
- LCY Trade Sanctions Policy
- LCY Employee Guidelines
- LCY Regulations of Whistleblowing System
- LCY Human Rights Policies
- LCY Anti-Bribery Policy

ESG Sustainability Strategy Committee (ESG SSC)

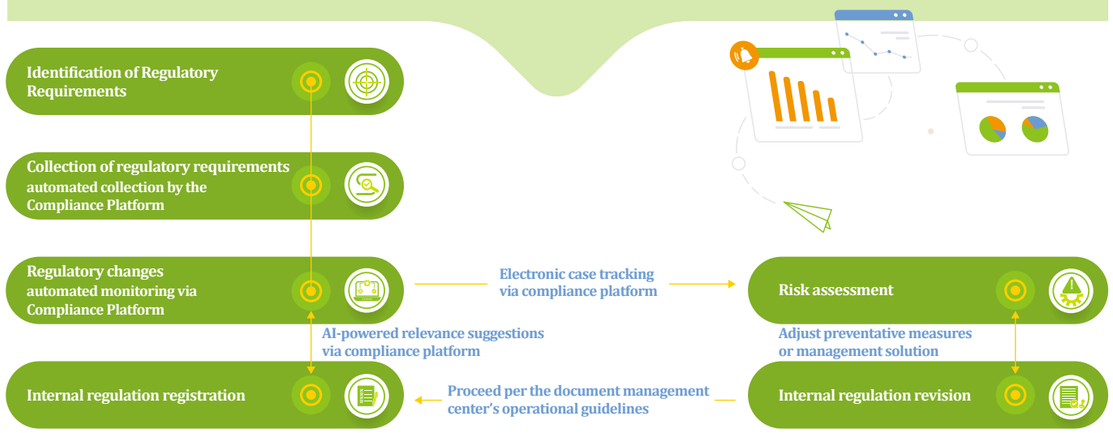
1.3 Regulatory Compliance

1.3.1 Regulatory Monitoring and Compliance Performance

Compliance risks across LCY's operating sites in Taiwan are identified through regulatory assessments conducted by designated units within their respective risk domains. LCY's Intelligent Regulatory Compliance Operations Management System (the "Compliance Platform") currently tracks 944 regulations and 22,350 legal interpretations. During 2025, the platform monitored 122 regulatory amendments and 88 updates to regulatory interpretations ensuring all operations comply with the latest laws. These updates are communicated to employees through training programs, internal briefings, and announcements, to cultivate compliance awareness.

The Compliance Platform delivers the following benefits:

1. Provide a centralized database of applicable domestic regulations, eliminating the need for employees to search multiple government agency websites.
2. Automatically notifies users of external regulatory updates and uses an AI module to recommend mappings between external regulations and internal policies. The system sends each case to the appropriate unit for review and immediate action, helping ensure operations remain compliant. The measures are aimed at mitigating risks and reducing the likelihood of penalties or larger losses.
3. Consolidates digital reports and enables the efficient, electronic tracking of compliance operations, significantly reducing the administrative workload and providing management to better monitor compliance issues.



Results and Goals

Metrics	2024 Performance	2025 Performance	2026 Target
Completion rate of training in key compliance areas • Integrity/Anti-corruption • Information security • Fire safety and response	Completion rate 100%	Completion rate 100%	Completion rate 100%
Tracking of internal regulation amendments	1023 internal regulation amendments	900 internal regulation amendments	Number of amendments implemented
Material violation cases in business ethics (Fines > NT$1 million)	0 cases	0 cases	0 Cases Annually
Material Violation Cases in Fair Trade (Anti-Trust) / Personal Data Protection (Fines > NT$1 million)	0 cases	0 cases	0 Cases Annually

*Including Taipei Office, Kaohsiung Plant, Linyuan Plant, Dashe Plant, Nanzih Branch, and Xiaogang Plant

● **Continued Strengthen EHS Compliance and Risk Control / Management**

Guided by a compliance-centric philosophy, LCY delivers high-quality products and services while proactively adjusting operational strategies in response to regulatory changes and policy trends. In recent years, regulatory authorities have tightened controls on hazardous air pollutants by implementing new emission limits for stationary pollution sources, while enforcing stricter wastewater discharge standards and energy conservation and carbon reduction targets. In response, our facilities have implemented measures including transitioning to low-emission fuels (replacing heavy oil with natural gas), installing enclosed hoods in production lines, optimizing processes, and replacing high energy-consuming equipment. In addition, in compliance with the amended Regulations of the Labor Health Protection, our facilities with 50 or more employees engage contracted healthcare personnel to provide on-site health services.

1.3.2 Regulatory Violations and Administrative Penalties

The table below summarizes the company's administrative penalties over the past two years. No major penalties resulting in the suspension of operations occurred in either 2024 or 2025. Details of environmental, health, and safety (EHS) regulatory violations are provided in Section 3.1.3 Environmental Regulatory Compliance. Violations related to social and economic aspects were associated with occupational safety incidents. Further information is available in Section 4.5.1 Occupational Safety Management.

Total	2024	2025
No. of Monetary Penalty (fined)	10 (NT$1.425 million)	8 (NT$3.615 million)
No. of Non-Monetary Penalty	0	0

Definition of major violations:
- Monetary penalties: Environmental: Fines of NT$1 million or above; one case occurred in 2025. Social: Fines of NT$300,000 or above; no cases occurred in 2025. See 3.1.3 Environmental Regulatory Compliance
- Non-monetary penalties: Suspension of operations. No cases occurred in 2025.

1.3.3 Internal Audits

Internal Audit Operations

The Internal Audit establish an internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to reasonably ensure the effectiveness and efficiency of our operations, the reliability, timeliness, and transparency of reporting, as well as compliance with applicable laws and regulations. Based on statutory audit items and operational risk assessment results, an annual audit plan is formulated for the following year and submitted to the Board of Directors for approval. Any deficiencies identified during audits are thoroughly communicated with the responsible units, with concrete corrective actions that are tracked until fully resolved.

On a quarterly basis, the execution of audit plan, audit findings, and the progress of deficiency are report to the Board of Directors. If material non-compliance or matters posing a risk of severe loss to the company are identified, they are immediately reported to the CEO and the Board via established reporting mechanisms. This ensures the effectiveness of the internal control system and reinforces trust in corporate governance.

Risk and Internal Control Management Mechanisms

1 Risk Identification
- Construct a risk map model to identify material internal control risks, pinpoint critical control operations, and formulate audit plans.

2 Risk Auditing
- Leverage digital audit tools to examine operational data, monitor anomalous indicators, and detect operational risks.

3 Assessment & Analysis
- Assess various risk categories, measure potential corporate impacts, and provide appropriate internal control improvement recommendations.

4 Remediation & Follow-Up
- Implement regular tracking, real-time response, and rolling adjustments to enhance risk early warning and internal control mechanisms.
- Report audit plan execution status to the Board of Directors on a quarterly basis.

Audit Focus Areas

- **Operational Audits**

Mitigate key internal control risks across major operations by auditing the eight primary transaction cycles, IT management, related-party stakeholder transactions, lending of funds, and guarantees / endorsements.

- **Auditing Digital Transformation**

» Develop a digital audit model that utilizes system data analytics to construct Key Risk Indicator (KRI) dashboards.

» Analyze essential operational data and monitor anomaly metrics to ensure compliance, reasonableness, and effective operations, providing actionable recommendations when necessary to improve audit efficiency and effectiveness.

- **External Training and Development**

Participate in seminars hosted by domestic management consultancies and internal audit courses provided by approved institutions (note). In 2025, audit staff completed a total of 96 person-hours of training, continually enhancing professional skills and risk management capabilities.

Note: "Major institution" refers broadly to associations, organizations, and academic institutions recognized by the Financial Supervisory Commission.

Audit Implementation Outcome

In 2025, LCY executed 46 internal audits projects in full compliance with laws, regulations, and internal policies to ensure the effectiveness of the internal control system. The audits evaluated key internal control cycles and operational processes across the organization. Most of the identified internal control risks were assessed as low risk and have been fully remediated; as of the end of 2025, five corrective actions remained in progress.

1.4 Risk Management and Sustainability Initiatives

Based on the results of its materiality assessment process, LCY identified topics with financial and impact materiality to established a forward-looking risk management framework. Led by the ERM & Sustainability Department, this framework encompasses dimensions including financial risks (e.g., foreign exchange exposure), process safety, occupational health, climate-related physical and transition risks, environmental impact management, and business integrity. The Board serves as the highest oversight body for risk management. In addition to supervising the formulation and execution of risk management strategies, the Board conducts quarterly financial trade off and decisions on major risks. This ensures that risk management is effectively integrated into key business decisions, such as capital allocation and R&D strategies, thereby strengthening LCY's ability to create long-term value.

In 2025, the global chemicals and materials industry faced ongoing operational challenge. In response to climate-related physical and transition risks from energy regulations and carbon management mechanisms (e.g., carbon pricing and the EU Carbon Border Adjustment Mechanism, CBAM), raw material supply and price volatility, competitive pressures from new products and technologies, and geopolitical instability, LCY strengthened risk identification and applied scenario analysis for evaluation and response. This ensures operational resilience in a volatile environment, sustaining LCY's ability to create long-term value for society.

Actions Taken to Address Operational Challenges:

1. Safety Management and Regulatory Response

LCY continuously optimizes Process Safety Management (PSM) operations to reinforce inherent safty. The incident investigation mechanism has been improved since 2024, incorporating lesson sharing and horizontal deployment across facilities. LCY has also optimized its Management of Change (MOC) system to ensure risk assessments and cross-departmental verifications are completed prior to process or equipment adjustment. LCY established a dynamic inventory management system for public hazardous materials and reinforced its EHS joint-audit mechanism, utilizing cross-functional professional teams to conduct regular on-site reviews, thereby elevating risk identification and control capabilities across all facilities. In 2024, the company introduced a system for monitoring VOC fugitive emissions and digital history tiering system, integrating maintenance data, to enhance early-warning capabilities for equipment abnormalities. LCY has also deployed dynamic positioning and real-time alert technologies to strengthen real-time management of hazardous equipment, personnel, and other high-risk operations, thereby enhancing operational safety.

In response to growing regulatory demands concerning the environmental and societal impacts of value chains, and evolving international sustainability regulations (e.g., the EU Corporate Sustainability Due Diligence Directive, CSDDD), LCY has designated these as priority items for medium- and long-term regulatory monitoring. LCY is conducting gap analysis and will introduce sustainable procurement standards and strengthen supply chain evaluation mechanisms. LCY will continue engaging with upstream and downstream partners to promote resource circularity and achieve green transformation goals. For further details, please refer to Section 1.6 Supply Chain Management.

2. Climate-Related Resource Adaptation

LCY continues to drive energy conservation and carbon reduction projects, lowering carbon emissions intensity through optimizing process parameters, equipment replacement, and waste reduction. The company also evaluates and integrates renewable energy solutions to gradually increase its renewable electricity share, reducing dependence on conventional power and actively responding to the 1.5℃ pathway of the Paris Agreement.

For details on climate-related risk assessments and strategies, please refer to 3.2 Climate-Related Risks and Opportunities Strategy.

3. Information Security and Digital Governance

LCY is committed to data-driven decision-making and digital transformation. The company has established comprehensive mechanisms for sensitive information protection, maintaining cybersecurity through the Information Security Committee and regular internal and external audits. LCY also conducts cybersecurity training to enhance employee awareness and ensure the effectiveness and continuous operational availability. For further details, please refer to Section 1.7 Information Security.

Sustainability Material Risk Management Framework, Audit Frequency and Mechanism, and Oversight Responsibilities

Risk Category	Responsible Units and Monitoring Mechanisms	Monitoring Frequency and Verification Methods	Management and Oversight Level
Assets	Finance Division's recurring meetings	Perform audits in accordance with the annual audit plan and routine audit activities. Track remediation of deficiencies. Before issuing the report, communicate with the audited unit to confirm relavant audit matters prior to report issuance. Material issues may be reported directly to the Chairman	• Finance Division's highest level of leadership, Board of Directors
FX transaction			
Investment			
Regulatory Compliance	Report to the Board at least annually		• Board of Directors
Information Security	1. The IT Division meets twice a year 2. The Information Security Committee meets once a year	Conduct social engineering and incident response drills on a regular basis. In accordance with the annual information security plan, the Information Security team in the IT Division works with external consultants to conduct audits. Based on the audit results, audit findings are communicated with audited department to formulate corrective action plans, with Follow-up tracking executed accordingly. Audit and remediation results are regularly reported to the Information Security Committee and the Board (annually).	• Information Security Committee • Board of Directors
Environmental and occupational safety	The ERM & Sustainability Department meets on a monthly and quarterly basis	ISO 45001 & ISO14001 management review meeting The ERM & Sustainability Department carries out ad hoc inspections of the plants and conducts on-site sampling review	• Board of Directors • Environmental Risk Management Department's highest level of leadership • Human Resources Department's highest level of leadership
Climate change	Conduct climate scenario analysis, rolling target reviews of low-carbon transition pathways, and risk assessments in conjunction with the ESG SSC	Integrates decarbonization practices and day-to-day management activities across operating sites, verifies implementation quality and effectiveness, and quantifies the financial impacts of climate risks (e.g., carbon pricing costs and rising energy expenses). The responsible unit reports progress to the chairman semiannually and presents updates to the board on a quarterly basis.	• Board of Directors
Ethical management	Report to the board at least annually	The Ethical Management Committee reviews and supervises the reported incidents	• Board of Directors • Ethical Management Committee

Risk Management Mechanism

Chairman (including Audit Office)

- Define risk management policy, structure, and culture.
- Ensure the effectiveness of risk management mechanisms and allocation of resources.

Senior leadership

- The general manager and vice president of each business unit form the implementation coordination group.
- Implement the risk management policy as defined by the board.
- Facilitate cross-departmental risk management interaction and communication

Specialized staff

- Implement daily risk management activities
- Conduct self-assessments of risk management activities

Headquarter management offices

- The ERM & Sustainability Department is responsible for risk assessment, planning, and execution.
- Consolidate risk management activities' implementation results
- Support and monitor the risk management activities of the company's branches and subsidiaries.
- Determine the risk categories and recommended risk assumptions based on environmental changes.
- Conduct risk-adjusted performance measurement and alignment.

1.5 Product Quality and Customer Relations

LCY is committed to maintaining safe operations across its production sites, manufacturing processes, storage, and logistics activities by complying with and striving to exceed regulatory requirements through science-based management practices. Leveraging advanced manufacturing technologies and a proactive approach, the company delivers high-quality products and services that earn customer trust and create long-term value.

Quality Policy

- Safety First
- Quality Assurance
- Customer Trust
- Value Creation
- Innovation and Kaizen
- Team Excellence

Quality Management Process

01

- Supplier evaluation and compliance management
- Raw material inspection
- Product environmental compliance and hazardous substance management to ensure compliance with applicable regulations

02

- Establishment and implementation of SOPs
- Maintenance of production site
- Instrument monitoring and abnormality handling
- Regular review of SOPs Regular review of FMEA and Control Plans (CP)

03

- Sampling inspection and quality control
- Standardized analytical methods
- Regular instrument maintenance and calibration
- Testing equipment upgrades

04

- Proper product labeling and protective measures
- Transportation management

05

- Customer satisfaction surveys
- Customer complaint handling

Customer Feedback Handling Process

Customer complaint received	Initial reporting and assessment	Case investigation	Corrective and preventive actions	Customer communication	Effectiveness verification
Complaint receipt and registration	Initial assessment and impact evaluation	8D methodology Immediate containment Root cause investigation and analysis	Corrective and preventive actions	Communicate subsequent actions with the customer	Effectiveness verification and continuous improvement

Average customer satisfaction score of 4.67

LCY values the voice of its customers. The company conducts annual customer satisfaction surveys across five key areas: order and delivery performance, product packaging, product quality and performance, communication and service, and complaint handling. In 2025, LCY achieved an average customer satisfaction score of 4.67 out of 5.

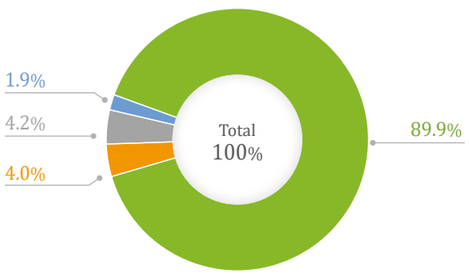
Customer Service: website link

1.6 Supply Chain Management

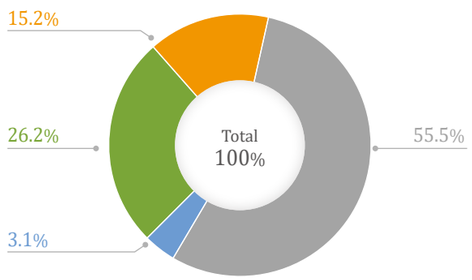
1.6.1 Supply Chain Overview

LCY works with 1,461 suppliers across its Asian Operation sites (including Taiwan and Mainland Chiana) and 382 suppliers in the US. These suppliers are categorized into four main categories: raw and auxiliary materials, equipment and packaging materials, engineering contracting, and transportation. The total procurement expenditures in 2025 for the Asia and US operating sites were NT$29,335,816,000 and NT$3,272,123,000, respectively. "Raw and auxiliary materials" constitutes the primary procurement category in both regions, accounting for over 90% of total procurement in Asia and more than 70% in the US.. In these two key operating sites, the local procurement ratio in both regions exceeds 90%, with suppliers mainly distributed in Taiwan, Asia, and the Americas. There were no material changes to LCY's supply chain in 2025 compared with 2024.

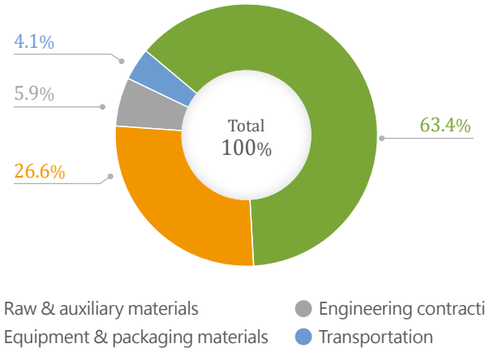
Suppliers for Asia Operations / Procurement amount based on supplier category (%)



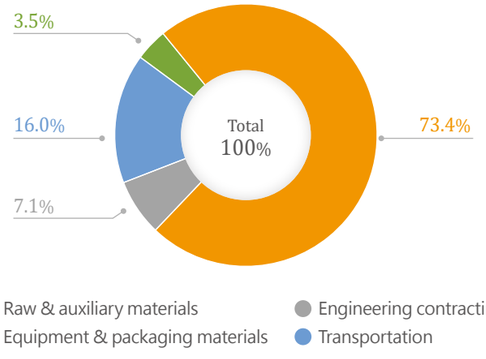
Asia Operations / Supplier Distribution by Category (%)



Suppliers for US Operations / Procurement amount based on supplier category (%)



US Operations / Supplier Distribution by Category (%)



Suppliers for Asia Operations	No. of Suppliers	Percentage	Suppliers for US Operations	No. of Suppliers	Percentage
Taiwan	863	59.07%	Taiwan	-	-
Asia	583	39.90%	Asia	1	0.26%
Americas	8	0.55%	Americas	378	98.95%
Europe	4	0.27%	Europe	3	0.79%
Others	3	0.21%	Others	-	-
Total	1461	100.00%	Total	382	100.00%

1.6.2 Supply Chain Management Procedures

Suppliers are essential partners in LCY's pursuit of excellence. To ensure a resilient and reliable supply chain, the company adopts a two-stage management approach consisting of "pre-engagement communication" and "post-contract monitoring and support." Before establishing a business relationship, suppliers are required to sign the "Declaration for Business Partner Supply Chain Security" and "Honesty and Integrity Transactions Undertaking." They must also meet LCY's requirements for product quality, supply capability, occupational safety, and environmental protection. If a supplier becomes aware of any LCY employee behavior that actively or passively compromises procurement integrity, the supplier is expected to report the matter promptly through the company's whistleblowing channels. Reports should be submitted under the informant's real name, include contact information, and be supported by relevant facts or evidence. For details, please visit the official website Responsible Supply Chain

• **Reporting mailbox:** P.O.BOX 36-587 Taipei Guangfu, Taipei City 105936 (Audit Office) • **E-mail ：** gm@lcygroup.com

For details, please refer to: LCY Regulations of Whistleblowing System

Evaluation of New Suppliers

To meet operational requirement, regulatory policies, new product demands, and the phase out of existing suppliers, LCY develops new suppliers each year, committed to delivering the highest level of assurance to our customers. LCY has established an internal "Authorized Economic Operator (AEO) Supply Chain Business Partner Evaluation and Management Procedures" in accordance with the "Regulations Governing the Certification and Management of Authorized Economic Operators" issued by the Customs Administration of the Ministry of Finance, which initiated the AEO mechanism in 2013,combing internal principles to execute AEO policies and fully implement a supply chain security management system. Before entering into a partnership, LCY communicates its expectations regarding quality, environmental management, occupational safety and health, and human rights. Prospective suppliers are then evaluated through self-assessment questionnaires and on-site interviews. The assessment based on key indicators across five core dimensions: Quality Management, Manufacturing Capability, Testing and Inspection Equipment, Environmental Management, and Social Responsibility.

New Supplier Evolution Process

New Supplier Requirements → **New Supplier Assessment** → **Supplier ESG Commitment Response** → **Approval as Qualified Supplier** → **Periodic Evaluation**

Five Core Dimensions of Supply Chain Management

Quality Management	Manufacturing Capability	Testing & Equipment Inspection	Environmental Management	Social (Human Rights) Responsibility
• Quality Inspection • Subcontractor Assessment • Non-Conforming Products Handling • Customer Complaint Handling Mechanism	• Comprehensive SOPs • Process control • Contingency Capabilities	• Equipment Maintenance and Calibration • Preventive Maintenance System • Critical Spare Parts Management	• Air, Water, and Waste Management Mechanisms • Hazardous Substance Management • Regulatory Compliance • Employee EHS Training	• Prohibition of Child Labor • Diversity, Equality & Inclusion (DEI) • Employee Grievance Mechanism • Overtime and Occupational Injury Management • Local Community Impact Assessment • Human Rights Training

Supply Chain Management and Sustainable Transition

In addition to conducting risk assessments and planning for new suppliers, LCY requires existing suppliers to adhere to the same standards. Beyond implementing a supply chain security management system, management units conduct regular supplier evaluations and grading across five key performance dimensions through both document reviews and on-site audits, while also communicating LCY's sustainability expectations. Suppliers with third-party verified international certification (e.g., ISO 9001, ISO 14001, IATF 16949, and ISO 45001)receive procurement preference to enhance overall supply chain service levels. In response to the impacts of climate change, LCY is also evaluating the feasibility of prioritizing suppliers that have obtained third-party verified certifications related to energy and resource management (e.g., ISO 50001, ISO 14064, and ISO 14067). Supplier evaluation criteria have also been expanded to incorporate social (human rights) considerations, including human rights protection, labor conditions, occupational health and safety, and business ethics, to minimize supply chain impact on the environment and society. In addition, LCY's "Code of Conduct for Ethical Management" is not only signed by all directors and employees, but is also required to be observed by all suppliers. Regarding conflict minerals, the copper foil plant adheres to OECD Due Diligence Guideline, adhering to internally Supplier Assessment and Procurement Management Procedures. Suppliers are required to submit the Conflict-Free Minerals Declaration annually. In addition to completing the Supplier Social Responsibility Self-Assessment Questionnaire, major raw material suppliers to the copper foil plant must provide both Supplier Social Responsibility Commitment and a Conflict-Free Minerals Declaration. For details, please visit our official website: LCY Human Rights Policies

Supplier Evaluation and Management Protocol

Management Procedures	Pre-Partnership Evaluation	Partnership Evaluation & Guidance – Risk Assessment	Partnership Evaluation & Guidance – Assessment and Audit	Partnership Evaluation & Guidance – Improvement Tracking
Principles and Mechanism	• Supplier Evaluation Procedures Authorized Economic Operator (AEO) • Supply Chain Business Partner Evaluation and Control Protocol	Conduct five core dimensions of supplier evaluation using the Supplier Investigation Report Form based on the Supplier Evaluation Procedures.	Key suppliers, assessed and defined by the factories during the year, are subject to evaluation and audit	The supplier is asked to make improvements to address major deficiencies based on the results of the assessment.
Management Measures	**Qualified supplier is required to sign the following** • Honesty and Integrity Transactions Undertaking • Declaration for Business Partner Supply Chain Security • Legitimacy and Integrity Declaration for Business Partner	Identified supplier risks are included in follow-up assessments.	Plants and procurement conduct supplier audits and evaluations based on the five aspects of supplier management.	LCY monitors and tracks remediation; procurement from a particular supplier is withheld until remediation is completed. LCY provides training and guidance to contractors.

Declaration of Non-use of Conflict Minerals (example)

Management of Carriers

Much of LCY's supply chain involves the transportation of chemical feedstocks and products. As a result, we emphasize the safety management of our partner carriers and strictly adhere to applicable regulations. In accordance with our Management Procedures for Transportation Operations, inspection procedures govern carrier operations — from arrival at designated plants or sites for loading / unloading through departure —, as well as off-site transport notification processes, ensuring product quality and load / unloading safety

Important Transportation Regulations

- Designated Routes for Tank Trucks Transporting Dangerous Goods
- Regulations Governing Professional Training for Personnel Road Transporting Dangerous Goods
- Regulations Governing the Transport of the Toxic and Concerned Chemical Substances
- Regulations Governing Traffic Control on Freeway and Expressway
- Regulations for the Labeling and Hazard Communication of Hazardous Chemicals
- General Rules for Labor Safety of High-pressure Gas

Responsible Unit	Carriers	LCY Factory - Facility Department	LCY Factory - Occupational Safety Team	LCY Procurement Division
Action Items	1. Assign safety management personnel and qualified drivers (certified with Hazardous Materials Delivery Personnel Training Certificate). 2. Conduct regular safety meetings between management and drivers 3. Preform pre-dispatch blood pressure and alcohol concentration tests for drivers. 4. Monitor real-time driver operational status using GPS and live imaging systems. 5. Perform regular vehicle inspection and maintenance 6. Provide pre-employment and on-the-job training 7. Conduct an emergency drill every six months	1. Inspect driver qualifications and vehicle equipment upon entry to the plant 2. Responsible for inspection before, during, after loading, and before leaving the factory	1. Convene Joint Safety Committee meetings. 2. Conduct entry safety training for driver 3. Security personnel monitor incoming driver for alcohol consumption. 4. Perform safety audits on incoming vehicles	Conduct annual audits and evaluations of transport carriers

Management of Engineering Contractors

Since 2022, LCY's Engineering Contracting Department has been actively developing the Engineering Intelligence Management Platform (EIM), which integrates electronic procurement practices with the Engineering Project Management Information System (EPMIS). This platform is designed to improve the efficiency and effectiveness of engineering management while supporting the company's Sustainable Development Goals (SDGs). By fostering a transparent and fair competitive environment, LCY strengthens stakeholders trust and enhances occupational health and safety (OHS) management within engineering projects to fulfill its corporate social responsibility. The Engineering Intelligence Management (EIM) Platform was officially launched in theQ3 2025.

For contractor management, the company uses Power BI software to link and analyze contract award data. Through data insights, the company precisely identifies key project categories and cost distributions to inform the selection of selection of annual contracting agreements. Concurrently, LCY optimized the "Erection All Risks Insurance" procurement process following contract awards to streamline workflows with contractors, ensuring precise insurance coverage limits and flexibility for engineering change (such as cost adjustments and extensions of completion deadlines expansions). These measures also further enhance process efficiency and accuracy, strengthened our competitive advantage, enhanced partner satisfaction..

Upon completion of each project, contractors are evaluated across four performance tiers by the project supervision unit and the occupational safety team based on quality and safety compliance. In 2025, 590 qualified contractors were evaluate as Grade C or above, representing a 99.7% qualification rate.

Level	No. of Suppliers
Grade A: Demonstrates excellent safety compliance and construction quality, reflecting a high level of reliability.	246 (41.4%)
Grade B: Exhibits minor deficiencies in safety compliance or construction quality but remains a reliable contractor.	332 (55.9%)
Grade C: Considered a moderate-risk contractor. Corrective actions and enhanced guidance are required.	14 (2.4%)
Grade D: Classified as a high-risk contractor and prohibited from performing work at LCY facilities.	2 (0.3%)

LCY is committed to environmental sustainability and collaborates closely with contractors to establish a green supply chain of chemical products. In strict accordance with the ISO 20400 Sustainable Procurement Guidance, the company has established Green Procurement Standards to ensure that construction activities minimize any negative impacts of building materials on health and safety, natural resources, and the ecological environment.

Looking ahead, LCY will continue to advance the digital transformation of engineering management, collaborating with partners to achieve an efficient, transparent and green engineering-management model. The company remains dedicated to creating greater value for society and the environment, actively supporting the UN SDGs and pursuing its long-term target of net-zero emissions.

1.6.3 Supply Chain Audit

The Procurement Division is tasked with coordinating the annual supply chain audit for LCY's major suppliers. Suppliers of medical- and product-grade raw materials are automatically classified as critical suppliers. All other critical suppliers are identified annually through an assessment conducted by the production, quality assurance, and procurement functions, based on raw material usage and operational conditions. The audit, assessing the five core dimensions of supplier management, is conducted by the factory, quality control section, and Procurement Division. I Should major deficiencies be identified, suppliers are required to make immediate remediations, with follow-up progress closely tracked. Procurement from non-compliant suppliers is suspended until the necessary improvements are completed and verified. In 2025, 57 key suppliers were scheduled for audit, of which 55 were audited, representing a 96.5% audit rate. In 2025, LCY worked with 24 qualified transport carriers. Eleven of these suppliers were scheduled for an audit, and all 11 were audited, resulting in a 100% audit completion rate. Looking ahead, LCY will continue to review and manage key suppliers while expanding evaluations of other partners to include environmental management and social responsibility. These efforts aim to improve the overall quality of supply chain management, strengthen engagement with suppliers, and advance sustainability practices.

Critical Suppliers | Audit Rate **96.5%** |

Qualified Transport Carriers | Audit Rate **100%** |

	No. of Suppliers	No. of Audited Suppliers	Audit Rate
2024	112	98	87.5%
2025	57	55	96.5%

Note: The audited parties are suppliers for the Taiwan, Huizhou, AR, Copper Foil, and Zhenjiang Plants. Suppliers for the North American region will be incorporated in the future.

1.7 Information Security

1.7.1 Information Security Policies

Information security and the protection of sensitive data have always been a priority for LCY, one that is continually emphasized and strengthened. This commitment is a testament to our dedication to our customers and business partners. LCY establishes and enhances systems and deploys information security tools based on gap analysis and risk assessment. This includes strengthening information security governance, policy formulation, process integration, technology implementation, and personnel training to achieve information security, effectiveness, and continuous operational availability.

Category	2025 Target
Information Security Management System (ISMS)	Continuously deepen and enforce management procedures at sites where the Information Security Management System (ISMS) is deployed. Conducted ISO 27001:2022 reviews to align with evolving international standards. Establish an information security management framework among our affiliated companies to ensure the comprehensive implementation of the group's information security policies, ensuring smooth information exchange and maintaining the requisite flexibility required for the organization.
Cybersecurity	Upgrade the NIST Cybersecurity Framework (CSF) Maturity Assessment from version 1.1 to 2.0, emphasizing the integration of cybersecurity governance and enterprise strategic planning with corporate objectives, while enhancing controls capabilities across the Govern, Identify, Protect, Detect, Respond, and Recover functions. • Enhance cloud security design and establish robust operational procedures and standards. • Strengthen endpoint security and incident response capabilities. • Establish and integrate a global cybersecurity risk-alert platform.
Data Protection	Maintain sensitive data protection system by implementing data classification, categorization, labeling, and protective control. Optimize existing Data Loss Prevention (DLP) measures. Evaluate automated tools for sensitive data protection to prepare for future information security optimization.

1.7.2 Information Security Management Procedures

Information security governance aims to align with company vision and goals. Through four key dimensions of cybersecurity management — from project implementation and establishing governance structures and policies — we fulfill our management commitments and allocatee sufficient resources. By combining risk management and with resource and processes integration, LCY evaluate the most cost-effective approach to achieve corporate goals and strengthen customer confidence. To enhance personnel awareness of information security, LCY conducts annual cybersecurity awareness training for all employees. This training aims to promote company policies, increase understanding of current trends and techniques in cyber attacks, and enhance employees' ability to recognize social engineering attacks and phishing websites. The goal is to reduce the harm caused by errors in clicking, using, or entering information, ultimately boosting our defense against cyber threats. The company also elevates its ability to respond to cybersecurity risks through personnel and equipment upgrades. Regular social engineering drills, incident response exercises, and backup drills are conducted to enhance corporate resilience, shorten response times, and improve the company's ability to handle unexpected cybersecurity incidents. To stay ahead of emerging information technology and business-environment changes, LCY completed the ISO 27001:2022 transition in 2024 and passed verification in 2025. This initiative is designed to meet current corporate information security requirements and objectives, ensuring the ongoing protection of both corporate and customer information.

Since 2021, LCY has been proactively identifying and managing business-sensitive data / documents from a data life cycle perspective. Continuous efforts have been made to improve data identification, labeling, and protection. In addition, LCY has implemented DLP measures to achieve effective protection, detection, and response. This approach aims to protect both corporate and customer-sensitive data, ensure competitive advantage, and foster customer trust. Notably, the company reported zero incidents or complaints related to data breaches or loss of customer data in 2025.

Four Core Dimensions of Information Security Management

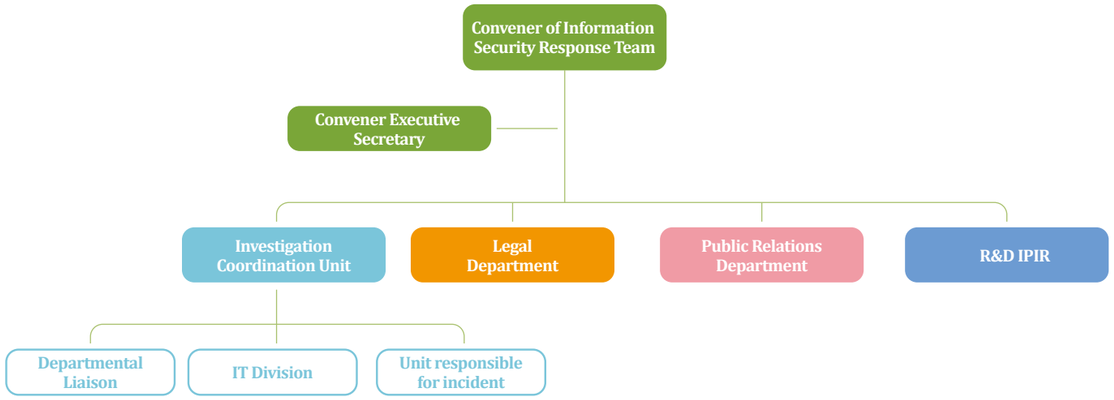
Establish InfoSec Organization
- Establish an Information Security Committee, chaired by the Chairman and co-chaired be the CEO,. With regular committee meetings convened
- Establish an Information Security Response Team and conduct annual drills
- Establish an inter-affiliate information security communication and governance framework

InfoSec Risk Management
- Conduct regular ISMS audits and track improvement progress
- Perform regular risk assessment
- Regularly convene the Information Security Committee

Strengthen InfoSec Communication
- Designate department-level InfoSec liaison to strengthen security awareness and project execution

Security Awareness Training
- Conduct annual mandatory cybersecurity awareness training for all employees
- Evaluate performance and drive improvements through social engineering drills

Information Security Response Team Organizational Structure



1.7.3 Information Security Implementation Results

- InfoSec newsletters and policy promotion > 80 times / year (7 campaign communications × 10 sites [LCY, LCYT, GRIT, HZ, ZJ, LCYCL, Plus Renewable, HankFah, Baytown, BioScience]; 2 communications (prohibited practices + policies) × 5 sites (LCY, LCYT, GRIT, HZ, ZJ, LCYCL).
- Education and Training: **2** times / year
- Education and training participants **> 1,500**
- Information security liaison **> 120**
- Social engineering drills: **16** times
- **100**% participation rate in information security incident response drills
- Accounts involved in social engineering drills: **> 2,380**
- Access permission audits: **2** times / year
- Information security reports to senior management: **> 1** time
- InfoSec risk assessment **≥ 1** times
- International InfoSec standard certification / verification **≥ 1** time
- Internal and external InfoSec audits **≥ 2** times

10%

10% - Revenue from green products reached NT$4,568,526,000, accounting for 10% of overall revenue

Leading Circular Innovation

- Chemical and hazardous substance management

LCY established Aisa’s first circular materials innovation hub in Nanzih, Kaohsiung as a platform for ideation and creativity. Driving by strong momentum in R&D innovation, we have increased investments in equipment to develop the Nanzih R&D Center into an world-class innovation hub. Furthermore, we are deeply committed to cultivating R&D talent, boosting a team of nearly 140 professionals across chemistry, materials science, chemical engineering, analytical science, and market development. Approximately 40% of the R&D Center’s personnel hold domestic or international doctoral degrees. Aiming for economic and environmental sustainability, we contribute to creating industrial value chains in the circular economy and fulfilling our vision of a green future.

Achievements

	Previous: 2025 Targets	2025 Achievements
Annual sales of solvent recycling services	↑ 87%	↑ 88%
Growth rate of total water recovery from using MBR products on the market	+ 290%	+ 271%

Note 1: The base year for solvent recovery services is 2019, and the base year for MBR products is also 2019.
Note 2: Due to customer audits and project delays, orders were concentrated in January 2026, causing the MBR water recovery growth rate in 2025 to fall short of the target. The entire project was inspected and closed in April 2026.

Goals & Targets

As the previous short-term goals have expired, a new set of short-, mid-, and long-term goals have been redefined in this report:

	Long-term: 2030 Targets	Mid-term: 2027 Targets	Short-term: 2026 Targets
Annual sales of solvent recycling services	↑ 290%	N / A (adjusted based on downstream customer plant expansion schedule)	↑ 121%
Growth rate of total water resource recovery using MBR products	+ 510%	+ 380%	+ 340%

Note 1: The base year for solvent recovery services is 2019, and the base year for MBR products is also 2019.

2.1 Cornerstone of Innovation

2.1.1 Innovation Management

The LCY R&D serves as the core management unit for product research and development. Beyond developing entirely new products , its scope encompasses extension of product lines across business units. These innovative offerings integrate clients-side resource efficiency and span three key dimensions: product innovation, process innovation, and business model innovation. Through our six-stage R&D management process, we integrate key considerations—including environmental, health, and safety (EHS), technology development, market evaluation, patent risks, and regulatory compliance—to meet the essential requirements of product development regarding scheduling, budgeting, and compliance management. In tandem with this six-stage R&D management process, we have established an intellectual property (IP) management system. Once product development reaches a designated milestone, researchers can file for patents or document trade secrets for R&D outcomes that demonstrate patentability and commercial value. This framework safeguard the company's innovations while rewarding investors with incentives. From 2014 to 2025, cumulative patent applications reach 188, with more than 100 employees receiving IP rewards.

The Six Stages of LCY's R&D Management

0 Project ideation & Analysis
- Conduct preliminary market research, competitive analysis, and capability alignment to identify customer needs and market opportunities. Perform a Real-Win-Worth assessment.

1 Market & Technology Concept Validation
- Conduct detailed market research and competitive analysis to understand customer needs and preferences, and define target markets and product positioning.
- Perform preliminary technical evaluation and feasibility analysis.
- Conduct initial commercial and financial assessment to forecast key metrics, including product cost, pricing, sales volume, and revenue.

2 Product Development & Optimization
- Execute prototyping, testing, modifications to meet customer-defined product specifications and performance.
- Optimize the product, enhancing aspects such as quality, safety, and production costs.
- Evaluate the feasibility of process scale-up.
- Preform business model and value chain, analyses.

3 Pilot Production Verification
- Execute pilot production and obtain customer qualification / validation ; finalize product specifications and confirm process design and scale-up feasibility.
- Formulate commercial production plan.
- Formulate market entry and product launch plans.

4 Commercial Mass Production Validation
- Initiate commercial mass production and secure customer qualification.
- Construct commercial-scale manufacturing facilities (project-dependent).
- Conform market launch plans and establish a robust value chain.

5 Market Realization
- Complete product commercialization and hand over to the designated business unit.
- Formulate revenue acceleration plans by sales team.
- Track sales performance against projected targets and conduct ongoing reviews.

Asia's First R&D Center for Circular Materials

LCY has always been a proponent of innovation and the entrepreneurial spirit, and we prioritize value creation as our operational strategy to revolutionize resource use. We have invested significant momentum in R&D innovation, bringing together expertise across chemistry, materials, industrial management, environmental engineering, information systems, and business management. Our team of over 140 R&D professionals is backed by more than NT$3 billion in accumulated R&D spending from 2019 to 2025, including the establishment of the Nanzih R&D Center in 2019.

The design philosophy of the LCY Nanzih R&D Center incorporates safety, friendliness, creativity, and interactivity, serving as LCY's hub for circular material innovation. More than 60% of LCY's R&D staff in Taiwan are based at the Nanzih R&D Center. Nearly 70% of them hold a master's degree or higher, and about 30% hold doctoral degrees from Taiwan or overseas. Their strong academic foundation powers innovation, advancing the goal of economic and environmental sustainability, contributing to the circular economy value chain, and helping to realize our vision of a green future.

Co-Creation Platform Encourages Innovation

In addition to the R&D management described above, LCY has also launched a co-creation platform that brings together technical experts for discussion and idea sharing. The platform also encourages employees to explore their creativity, interact with each other, and gain a better understanding of everyone's roles to cultivate a culture of sharing. This platform not only provides opportunities for mutual learning but also serves as a starting point for new product development. The continuous process of experimentation and implementation in product development is challenging but equally filled with innovation and enjoyment. In addition, contributors are rewarded, and all researchers vote annually to select the Best Proposal Award.

2.2 Sustainable Products and Services

2.2.1 LCY 's Sustainable 6R

LCY embeds the Life Cycle Assessment (LCA) into the foundation of product design. Aligning with domestic and international standards—such as the Sustainability Accounting Standards Board (SASB) and the international restricted substance directives including the Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, and Authorization of Chemicals (REACH)—while also considering the specific product characteristics and strategic directions of each business unit, we formulated the "LCY Sustainable 6R" framework. Built upon six core principles—Renewable, Recycling, Replace, Reduce, Repurpose, and Recovery—this framework guide us to optimize energy and resource efficiency throughout manufacturing. This approach not only minimize the environmental footprint of our products but also extend our positive impact across the broader consumer lifecycle. Leveraging our robust R&D capabilities, we redesign sustainable products tailored to end-user needs, carving out a new strategic role and position for LCY within the industry. In 2025, revenue from green products reached NT$4,568,526,000 (NT$4.57 billion) , accounting for 10% of total revenue.

LCY 's Sustainability 6R

Renewable

Bio-based materials
- Use natural, renewable sources as feedstock, such as plant starches, sugars, and cellulose.
- Biodegraded into carbon dioxide and organic matter under suitable conditions after disposal.
- Compostable.

Recycling

Transforming waste into resources
- Utilize recycled raw materials.
- Incorporate recyclable products and processes.
- EIPA Dual Circular Economy Model - creating a circular economy to reduce waste for the semiconductor industry
- PCR polypropylene (GRS-certified product)
- PENTA-T1603 (waste-to-product solution)
- LACYON™ Outsole Material (enabling full-shoe recyclability)
- Copper foil / 100% recycled copper (UL2809-certified product)
- ISCC Plus-certified products

Replace

Replacing, Avoiding, Reducing the use of Hazardous substances
- Comply with international directives on banned or restricted substances, such as RoHS and REACH.
- Substitute or eliminate the use of toxic chemicals.
- SEP GP-8501U for 5G communications
- SEBS GP-9654D for medical-grade applications
- SBS GP3545 / SIS GP5562U for adhesive applications
- Transparent polyimide for displays

Reduce

Minimizing the environmental impact across manufacturing and product use
- Reduce air pollutant emissions, including sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs), and hazardous air pollutants (HAPs).
- Decrease water consumption or enhance water efficiency.
- Minimize waste generation.
- Lower energy consumption.
- Transparent energy-saving polypropylene ST860K, ST868K, ST869K
- EPPA-MBR technology
- Hydrocarbon resin

Repurpose
- Enable customer applications with functionalities and exceptional material performance, including adhesion, elasticity, lightweight properties, planarity / smoothness, excellent electrical performance, weather resistance, and long-term durability.
- Copper foil / reverse & thinning processes
- TPV for automotive lightweighting
- New SBS for bitumen modification GP-3760
- Footwear applications / EVA replacing GP-7720
- MA-functionalized SEBS GP-9901

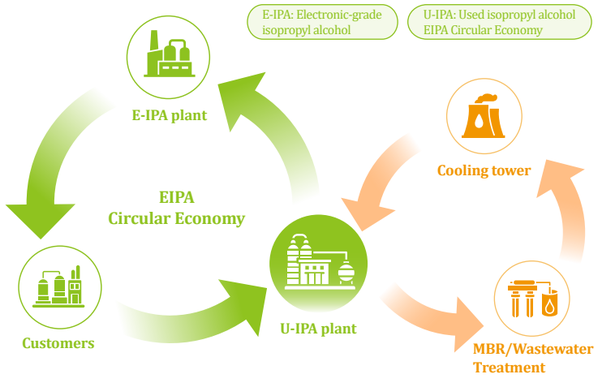
Recovery
- Recover and reuse energy from manufacturing processes.
- Convert energy waste (such as steam) into value-added product.
- Steam waste from China Steel Corporation (CSC) converted into LCY thermal energy

2.2.2 Innovation in Green Materials

Recycling

◆ EIPA Dual Circular Economy Model - creating a circular economy to reduce waste for the semiconductor industry

LCY is Taiwan's largest manufacturer of electronic-grade isopropanol (EIPA) and pioneered a dual-circular system that recycles waste IPA used for wafer cleaning. The feedstock is 100% sourced from customer waste streams, typically composed of about 10 wt% IPA and 90 wt% water. Using LCY's proprietary purification process, spent IPA is re-purified into electronic-grade IPA. In parallel, wastewater is processed through LCY's self-developed membrane bioreactor (MBR) and wastewater treatment system, separating it into industrial-use water for reuse. LCY's innovative waste recycling technology helps downstream clients recycle and reuse UIPA. UIPA is purified and reclaimed from waste liquids to become an industrial-grade product with 99.9% purity. The water produced from the purification process supplies the cooling towers at LCY's Linyuan Plant to maximize resource utilization.



First Cycle	Recycle IPA waste for semiconductor companies and make EIPA
Second Cycle	All wastewater recovered from the recycling process is reutilized within the plant.

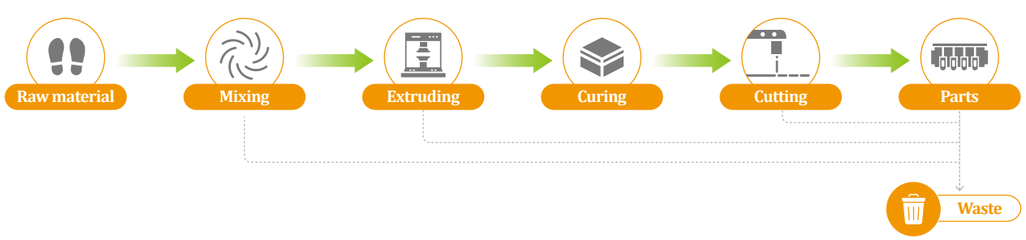
◆ LACYON™ - Recyclable, Next-Generation Outsole Material

LCY's LACYON™ is a next generation thermoplastic elastomer vulcanizate (TPE-V), a circular material designed for shoe soles. It delivers enhanced grip, a lower carbon footprint, and longer product life. LACYON™ embeds sustainability throughout the product lifecycle—from design and manufacturing to product use and end-of-life recycling. By supporting circularity at every stage, the material enables more sustainable footwear production across the value chain. LACYON™ complies with the AFIRM Restricted Substances List (RSL) and was recognized with the 4th Green Chemistry Application and Innovation Award in the Green and Safer Alternatives category by Taiwan's Ministry of Environment.

- **Manufacturing:** LACYON™ can be injection molded to accommodate complex sole designs and a wide range of color options. Furthermore, it enables adhesive-free thermal bonding between the outsole and the midsole. Its benefits also include simplifying footwear assembly and improving production automation. Compared with conventional materials, LACYON™ can reduce process waste by 5–10%[1] and lower production carbon emissions by 41%[2,3]. Relative to TPU, TPE-V can reduce carbon emissions by up to 65%, providing a more sustainable solution for footwear applications.
- **Performance:** LACYON™ retains the excellent slip resistance, abrasion resistance, and durability of conventional thermoset rubber while reducing weight by 10–15%, delivering both improved comfort and high performance. Compared with TPU, TPE-V provides at least 25% greater slip resistance, which improves traction performance for a wide range of terrains and weather conditions.
- **Circularity:** Footwear made with TPE-V can achieve full footwear recycling and remanufactured at the end of its service life. This material supports material circularity and enabling the development of a closed-loop recycling system.

[1] National Taxation Bureau of the Central Area, Ministry of Finance (April 18, 2019). Material consumption levels in the footwear industry for the 2018 fiscal year.
[2] Soochow Securities Research Institute (April 10, 2017). In-Depth Report on Thermoplastic Elastomer.
[3] Elastollan® GripTec » High Performance TPU Outsole Material | BASF

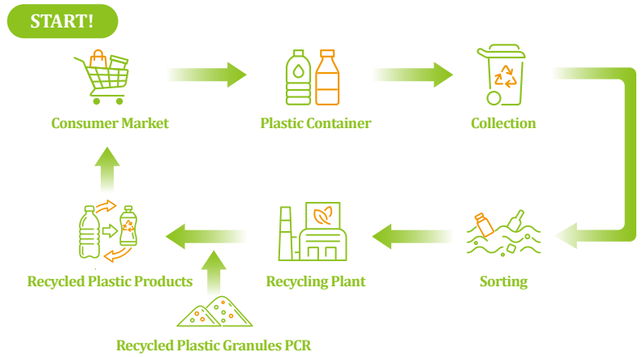
Traditional Thermoset Rubbers - Linear Value Chain



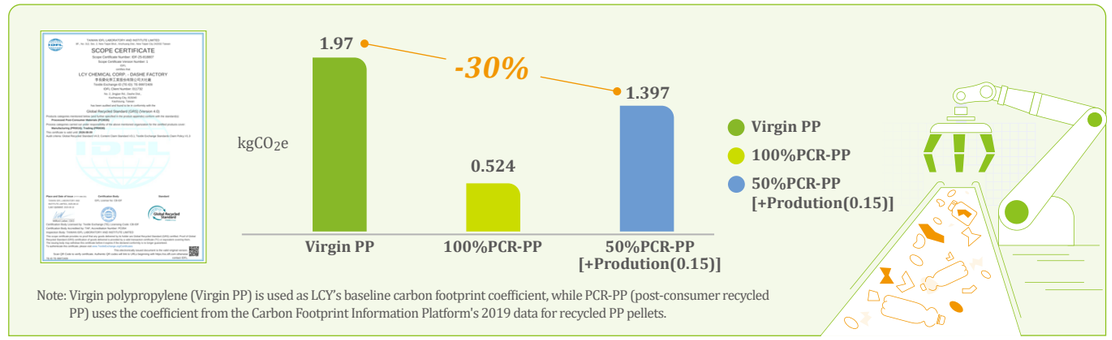
◆ GRS Certified - Dashe Plant Polypropylene (PP) PCR Products

Polypropylene (PP) is an integral part of our lives. Post-consumer recycled polypropylene (PCR PP), created from properly recycled PP plastic, reduces reliance on virgin materials and conserves petrochemical resources. In 2022, the Dashe Plant established the Green PP team, consisting of members from advanced composite materials R&D, production, safety and environmental protection, facility department, storage terminal, and sales. The Dashe Plant obtained PCR PP product certification in 2022 and has continued to expand the variety of certified PCR PP products in 2025. In 2025, new applications for PCR-PP products include: 30% PCR (625R-3) used in woven bags, and 70% PCR (749R-7) used in knife handles / sheaths.

Amid the ESG movement, we are committed to reducing the energy consumption of product manufacturing. Our current PCR PP products, which contain 50% recycled PP, achieve a 30% reduction in carbon emissions (CO_2). We will continue to advance our R&D efforts and adhere to GRS certification standards to ensure product quality, transparency, and traceability to minimize the carbon footprint of our products.



▲ PCR knife handle

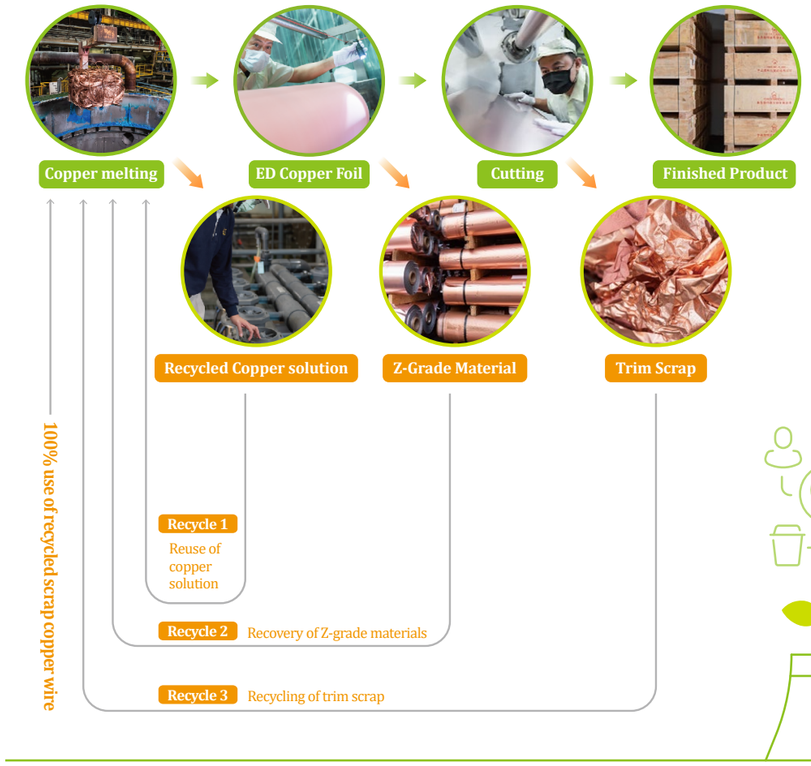


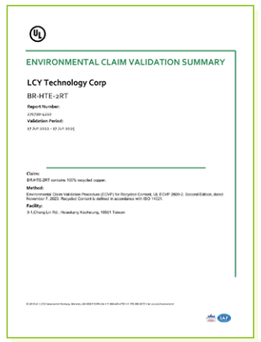
Note: Virgin polypropylene (Virgin PP) is used as LCY's baseline carbon footprint coefficient, while PCR-PP (post-consumer recycled PP) uses the coefficient from the Carbon Footprint Information Platform's 2019 data for recycled PP pellets.

◆ 100% Recycled Copper Foil Production - 100% Recycled Content Validation - UL 2809

LCY's Copper Foil Plant uses 100% recycled copper wire as raw material to produce high quality, high strength green copper foil that has received UL 2809 (2022-2025) 100% recycled content validation. We maintain communication with our customers to ensure product quality and adopt more environmentally friendly manufacturing processes. When recycled copper wire enters the production process, key procedures such as smart manufacturing controls and self-developed water resource recycling are applied. Besides using 100% recycled copper wire, the plant also recycles copper from wastewater. The reclaimed copper from wastewater is processed by external facilities and then returned to the production line for copper foil manufacturing. This ensures the maximum utilization of resources and achieves a recycling rate of over 99%.

▲ Using 100% recycled wire / cable and factory-recycled Z-grade materials / copper trim scrap as raw materials for copper melting maximizes the use of recyclable resources, improves product efficiency, exceeds customer expectations, and moves toward net-zero emissions.




ENVIRONMENTAL CLAIM VALIDATION SUMMARY

LCY Technology Corp

BR-HTE-2RT

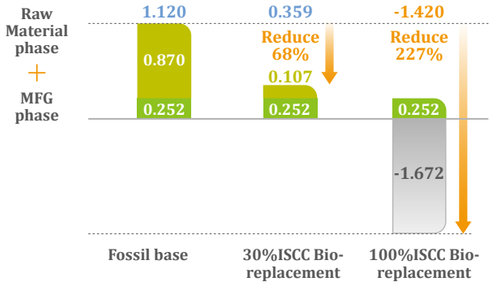
◆ ISCC Plus Certified Materials – Bio-/Circular-Based Low-Carbon Materials

ISCC PLUS certification verifies the traceability of bio-based and recycled feedstocks through a mass balance approach, thus supporting supply chain transparency and supporting the use of environmentally-friendly materials. As part of its push toward feedstock substitution and product decarbonization, LCY continues to expand the use of bio-based and circular feedstocks to develop lower-carbon materials and strengthen its green supply chain. As of Q1 2025, LCY's major production sites in Taiwan and China had obtained ISCC PLUS certification. In Taiwan, the Linyuan, Dashe, and Xiaogang Plants are certified for HPIPA / IPA, PP, TPV, and TPE products. In China, the Huizhou and Huizhou AR Plants have obtained certification for TPE and ESBR products. By continuously expanding its portfolio of ISCC PLUS-certified products, LCY is steadily increasing its supply of lower-carbon materials to meet growing market demand for sustainable feedstocks and low-carbon products.

In Q4 2025, LCY successfully completed trial production and validation of ISCC PLUS-certified PP products at its Dashe Plant. The trial incorporated bio-based / circular feedstocks and confirmed stable process performance as well as product quality that met expectations. This milestone demonstrates LCY capability to expand low-carbon production practices to additional production sites. It also reflects LCY's continued commitment to advancing the transition to lower-carbon products and expanding sustainable manufacturing capacity. The ISCC PLUS ST868M PP product illustrates the carbon reduction potential of this approach. With 30% ISCC PLUS-certified feedstock, the product's product carbon footprint (PCF) is reduced by 68% compared with its conventional counterpart, reaching 0.359 kg CO_2e / kg. When the feedstock content is increased to 100%, the PCF decreases further to -1.420 kg CO_2e / kg, leading to a carbon-negative product. This achievement demonstrates LCY's meaningful progress in the development and production of lower-carbon PP products. It also highlights the company's efforts to support decarbonization across the value chain through the application of lower-carbon materials.

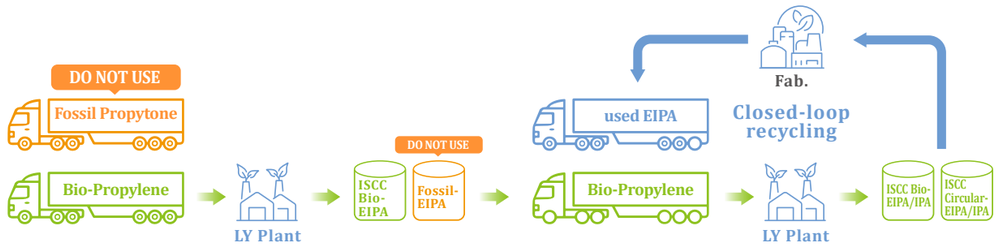
ST868M PCF Reduction in different scenarios:

1. **30%** ISCC Bio-PGP replacement : **0.359kg** CO_2e/kg (reduce 68%)
2. **100%** ISCC : **-1.420kg** CO_2e/kg (reduce 227%, achieve negative emission)



Taking Linyuan Plant (LY) as an example, LCY plans to replace a portion of conventional petrochemical feedstocks with bio-based feedstock. Through ISCC PLUS certification, LCY has obtained certification for its Bio- and Circular-HPIPA / IPA products. When combined with a closed-loop recycling mechanism, this approach helps establish a more integrated green supply chain system. It facilitates the production of low-carbon ISCC PLUS Bio- and Circular-HPIPA / IPA products, reducing the industry's reliance on fossil resources and supplying greener materials to customers in the electronics industry. In addition, by providing ISCC PLUS-certified bio-based and circular materials, LCY supports downstream customers in adopting lower-carbon-footprint raw materials while maintaining existing product performance and application specifications. This helps reduce carbon emissions associated with feedstock procurement and contributes positively to Scope 3 emissions reduction across the value chain. Looking ahead, LCY will continue to expand its portfolio of ISCC PLUS-certified products and broaden the application of low-carbon materials. LCY will promote the transition toward lower-carbon and more circular supply chains through collaboration with upstream and downstream partners.

Low Carbon & non-Fossil Circular EIPA / IPA




Bureau Veritas Certification

ISCC PLUS Certificate

dqs

ISCC PLUS Certificate

dqs

ISCC PLUS Certificate

◆ High-Performance Copper / Tin Etchants — Low-Consumption and Recyclable Wet Chemicals

Developed by LCY, the innovative copper / tin etchants are designed specifically for Cu / LF (Lead-Free) fine-pitch removal applications in advanced semiconductor packaging processes. The product portfolio offers high etchant selectivity, low penetration, and extended service life, meeting the stringent requirements for precision and process stability in advanced packaging manufacturing. While continuing to advance material innovation, LCY is also actively promoting circularity in electronic materials. The wet chemicals can be reused for hundreds of cleaning cycles, which significantly reduces the volume of etching waste generated at semiconductor manufacturing facilities. Furthermore, LCY is developing a closed-loop supply chain by recovering spent etching solutions from customers and applying purification and regeneration technologies to restore the etchants' original performance. The regenerated solutions can then be returned to semiconductor manufacturing processes for reuse. This innovative approach helps customers in reducing waste at the source while promoting the advancement of the semiconductor industry towards greener, circular manufacturing.

Replace

◆ Development of "Titanium-Catalyzed High-Transparency SEBS": Advancing Product Stability, Green Manufacturing, and Heavy Metal-Free Manufacturing

Traditional SEBS hydrogenation processes rely on nickel-based catalysts, which may result in long-term exposure risks to nickel contamination for production personnel and contractors, while also generating significant quantities of heavy metal-containing waste. These challenges pose concerns for occupational safety and environmental sustainability. To protect employee health and reduce heavy metal waste, LCY pioneered the use of titanium-based catalysts as an alternative. Combined with its proprietary purification technology, LCY developed a new high-transparency, low-impurity SEBS product. The development process spanned four years, progressing from laboratory validation, pilot production to full-scale manufacturing at the Xiaogang Plant. During this period, the team optimized decatalyzation for different product grades. As a result, residual metal content after catalyst removal was reduced to below 0.005%, while transparency increased by 30%. The new process also reduced process waste by 80% and lowered energy consumption by 12%, providing the cleanest and most resource-efficient manufacturing approach against industry peers. With improved quality stability, de-catalyzed SEBS significantly reduced employee exposure risks associated with nickel by nearly 20 percentage points, improving workplace safety and health conditions. The lower impurity levels also enhance the suitability of the product for downstream applications, including medical and food packaging materials, supporting safer use for customers and end users.

SEP GP-8501U for 5G Communications - A Safe Alternative for Chloroprene Rubber

Chloroprene rubber is used in 5G infrastructure, specifically in fiber optic cable fill gels and specialized polymer thixotropy. It serves as an advanced thickener and rheology modifier in grease and oil applications, effectively replacing animal-based thickeners that often fall short in performance. SEP GP-8501U is designed to maintain functionality under harsh environmental conditions and offers exceptional heat resistance. This provides end products with desirable properties such as longer life cycles, reduced energy consumption, and less waste. In addition, recognizing that chloroprene rubber (CR) contains halogens and may pose health concerns, LCY developed the halogen-free GP-8501U. The product improves the low-temperature impact resistance of general-purpose plastics while providing a safer alternative to CR and polyolefin elastomers (POE), thereby helping reduce potential environmental and occupational risks.

Fluorine-Free Colorless Polyimide: High-Performance Materials with Sustainability in Mind

Colorless polyimide (CPI) has attracted increasing attention due to evolving requirements for advanced display materials. As displays continue to advance toward foldable, rollable, and fully transparent designs, the range of applications for CPI has expanded, driving ongoing material development to meet increasingly stringent performance requirements. Conventional CPI typically incorporate fluorine to achieve high transparency and performance. In its PI R&D, LCY is committed to a fluorine-free approach. The company's materials are not only non-PFAS, but also fully fluorine-free. The achievement helps reduce potential environmental and health impacts while aligning with global green regulations and sustainability trends. Moving beyond the conventional approach of using PI precursors as the end product, LCY has developed a "soluble CPI." In addition to meeting high-performance requirements, the material provides enhanced stability while reducing energy consumption and chemical usage associated with conventional high-temperature processing at downstream manufacturing stages. It also aligns with the global trend toward the phaseout of PFAS to supporting brands and manufacturers in advancing environmental and social (human rights) responsibility. The material has received recognition through LCY's internal Sustainability Awards, including the Excellence in Impact Award and Bright Ideas Award. It also received the 4th Green Chemistry Application and Innovation Award in the Green and Safer Alternatives category from Taiwan's Ministry of Environment.

Wet chemicals - non-NMP, non-TMAH, non-DMSO formulations	In semiconductor processes, wet cleaning agents play a critical role in cleaning and etching. However, because conventional wet cleaning solutions contain chemicals that may pose risks to the environment and human health, finding safe and effective alternatives has become essential. LCY has developed non-NMP, non-TMAH, and non-DMSO cleaning formulations that meet the specific requirements of the electronics industry, address the unique challenges of BEOL, FEOL, advanced packaging, and NIL applications, and comply with international directives such as REACH and RoHS.
Substitute for Talc to reduce health risks	Talc is used as a raw material for dedusting agents in the TPE-SIS product series. However, safety concerns in recent have raised questions about its potential risks to human health and the environment. To address these concerns, LCY has developed a method to completely replace talc in our products. We have not only avoided using similar raw materials but have also improved product functionality, fully replacing talc in all products within the SIS series.
Alternative for traditional PVC medical materials	SEBS GP-9645D offers high transparency and excellent flexibility, making it suitable for medical tubing and films (IV bags). Its halogen-free composition eliminates the need for plasticizers, allowing it to replace traditional PVC medical materials. This material is resistant to degradation and provides outstanding UV, ozone, and chemical stability.
Replacement of Toxic Potassium Dichromate and Potassium Chromate to Reduce Health Risks	High concentrations of Potassium Dichromate and Potassium Chromate, which are characterized as carcinogens, are commonly used in analytical formulations. The Linyuan Plant adjusted the analytical methods to avoid the use of listed toxic substances, effectively replacing their usage.
Development of Online Analytical Technology	LCY has incorporated Process Analytical Technology (PAT) in its processes to replace manual sampling and offline analysis, enhancing operational security and reducing material waste.

Reduce

Hydrocarbon Resins: Next-Gen Materials for High-Speed Data Transmission

Low dielectric loss materials are critical components in AI servers. By reducing dielectric loss, these materials improve signal transmission efficiency and reduce power consumption. Within the context of the global sustainability transition, low dielectric materials play a critical role in contributing to energy efficiency and carbon reduction efforts. Their ability to support higher computing efficiency and lower heat generation helps reduce electricity demand from data centers and electronic devices. As 5G and AI continue to advance, high-performance, low-power technologies have become increasingly important for sustainable development. Low dielectric technologies play a crucial role in enhancing the longevity of electronic devices and reducing the overall energy consumption of electronic products. By improving hardware efficiency, these technologies support companies in achieving their decarbonization goals. In addition, the development of environmentally friendly process chemicals not only aligns with circular economy trends but also supports manufacturers in transitioning to green manufacturing.

New Catalyst - Reducing Activation Energy in Reactions

To increase the efficiency of chemical conversions, LCY has successfully developed a new generation of catalyst formulations that reduce the required amount of catalyst. Besides lowering the catalyst quantity required to be added, this innovation also enhances conversion efficiency, which simplifies the purification steps and leads to significant savings in materials and energy usage.

Analysis of C2-C6 Impurities in IPA Products - Increasing Efficiency and Reducing Energy Consumption

Developing efficient analytical methods. Using two analytical methods, multiple impurities (C2–C6) in IPA can be rapidly detected. This approach enables the analysis of nearly 20 impurities within 30 minutes, significantly reducing testing time and lowering energy consumption. With low-capital equipment, detection limits can reach the ppb level.

Process Simulation - Reducing Trial and Error Effort

By establishing mathematical models and performing simulations, we can predict the results of different variables and parameters in the manufacturing process. This optimization of the production process aims to reduce energy and material consumption while improving product quality.

Repurpose

High-Rebound SEBS elastomer for Functional Footwear - Advanced High Resilience / Lightweight Technology

LCY's high-rebound thermoplastic elastomer (SEBS) GP-7720 combines softness, low hardness, and high elasticity, greatly improving comfort and enhancing the functionality of EVA footwear. Developed as an innovative SEBS material to meet the requirements of running shoes and basketball shoes, it can also be recycled after use, supporting the principles of the circular economy. The high-rebound SEBS GP-7720 exhibits high fluidity and low energy consumption, ensuring compatibility with existing EVA injection molding equipment. This allows for the reduction in compounding temperatures and energy usage while improving processing efficiency. The manufacturing process can achieve a 20% reduction in energy consumption. Additionally, the material is suitable for physical and chemical foaming processes, minimizing the need for cross-linking agents and additives by nearly 30%. It also lowers the amount of volatile compounds and dust during processing, making it a next-generation high-performance material that prioritizes environmental sustainability and worker health.

Enhancing Road Durability with High-Additive Modified Asphalt – High-Performance Asphalt Modification Technology

SBS-modified asphalt technology has been used for over 50 years, with conventional 4–6% SBS improving asphalt's high-temperature strength and low-temperature flexibility. LCY's specially designed SBS GP-3760 enables loading above 8%, delivering performance significantly better than traditional SBS-modified asphalt. Research and field data show that high-loading GP-3760 modified asphalt not only offers greater load-bearing capacity but also reduces pavement thickness by 40%, extends road service life, and lowers maintenance frequency.

Although initial construction costs are higher, the overall life-cycle cost is lower than traditional road materials, in line with Life Cycle Cost Analysis (LCCA) principles. Reduced pavement thickness also cuts consumption of asphalt, concrete, and energy, while fewer maintenance cycles further reduce carbon emissions—making this a more sustainable next-generation construction material.

GP3760 has been successfully adopted in the US, Europe, and Australia as a raw material for high-performance modified asphalt. LCY also continues to promote GP3760 and its associated ESG benefits across Asian markets.

Specialized Microstructure Design for More Efficient Asphalt Modification and Reduced Emissions

SBS is a common modifier in asphalt applications to improve both high- and low-temperature performance. Building on its conventional SBS technology, LCY has developed SBS GP3710, which features a specialized microstructure.

Research findings and field application data demonstrate that SBS GP3710 accelerates the asphalt modification process. In comparison with traditional SBS, it reduces the production time for modified asphalt by approximately 20% to 30%.

During the production of modified asphalt, sulfur or other stabilizing agents are typically added to promote uniform dispersion of SBS and enhance product performance. However, sulfur can generate sulfur oxides (SOx) under high-temperature. These emissions contribute to air pollution and may pose risks to human health. Owing to its specialized microstructure, SBS GP3710 reduces the amount of sulfur required and, in some applications, enables the production of uniformly dispersed modified asphalt without the addition of sulfur.

As a result, SBS GP3710 reduces production time and energy consumption while lowering sulfur use and associated sulfur oxide emissions. These benefits support improved environmental protection and a safer working environment for the employees, making it a more efficient and sustainable innovative material for modified asphalt applications.

Customized Reverse Treatment Foil (RTF) & Very Low Profile (VLP) Thin Copper Foil – High-Performance Materials for 5G and Automotive Substrates

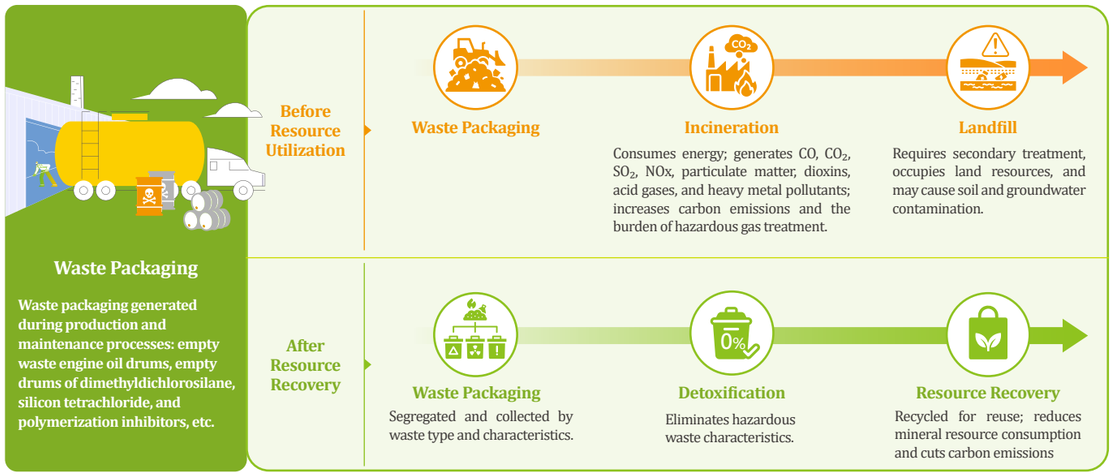
LCY's Copper Foil Plant focuses on the copper-clad laminate and printed circuit board markets, actively developing very low profile (VLP) reverse treatment foil (RTF) and ultra-thin 8 μm copper foil for high-frequency applications. These innovations are tailored to the needs of automotive electronics and 5G end products for high-frequency interference reduction and high-speed transmission. Successfully validated by customers, these products are suitable for high-speed multilayer PCBs and high-frequency signal transmission boards. VLP reverse treatment foil is also used in advanced flexible circuits for high-frequency transmissions, such as automotive collision systems, GPS security systems, and servers. These high-value products have three advantages: they meet customer needs, generate profits, and elevate the general quality of life for the overall society. The Copper Foil Plant is committed to reducing process waste and chemical consumption, saving over 100 tons of chemicals per month and reducing copper-containing wastewater sludge by 30%. LCYtech prioritizes environmental sustainability and continuously optimizes processes to embody the principles of waste reduction and circular economy, thereby enhancing sustainable competitiveness.

◆ **Used Chemical Drums Recycling: Huizhou Plant Advances Waste Reduction and Resource Recovery**

To reduce hazardous waste and improve resource circularity, the Huizhou Plant evaluated alternatives to conventional end-of-life disposal for used chemical drums. These containers have traditionally been treated through incineration or landfill disposal due to the potential presence of trace chemical residues. In line with evolving environmental regulations and circular economy principles, Huizhou Plant sought a more sustainable management approach.

As part of the initiative, Huizhou Plant conducted a comprehensive assessment of the residual chemical constituents, hazard properties, and treatment feasibility of the used drums. The team then identified qualified recycling partners with the necessary technical capabilities and regulatory compliance. Following a thorough evaluation and verification process, Huizhou Plant implemented a standardized treatment procedure to safely remove residual materials from both the interior and exterior surfaces of the drums. The recovered drums are processed to meet industrial recycling standards and reintroduced into the resource recovery system.

Through this initiative, the Huizhou Plant has improved the management of used chemical drums, reducing hazardous waste generation by approximately 5 tons per year while lowering end-of-life disposal costs. Looking ahead, LCY will continue to share best practices across its production sites. By applying circular economy principles, the company aims to further strengthen resource recovery management outcome while continuously improving its waste reduction and recycling performance.



2.2.3 Industrial Solutions' MBR Wastewater Treatment Equipment – ESG Sustainability and Carbon Reduction

For water resource management, we focus on two directions: water use management and wastewater recycling and reuse. We have introduced AI-based intelligent management systems in both areas, while also developing next-generation smart MBR systems and cross-platform water management solutions.

What began with internal group applications has expanded to adoption across industries in Taiwan, including electronics, memory, biomedical, food, and chemical sectors—among them leading domestic and international corporations. LCY's MBR Water Treatment System was recognized with the "TIWW AquaImpact Award" in 2025. From private-sector adoption to public infrastructure projects, LCY continues to demonstrate its determination to achieve corporate sustainability through ESG practices.

LCY integrates AI technologies into its MBR solutions to enhance product yield and reduce waste generated during production. At customer sites, the AI-enabled management system optimizes wastewater treatment performance while reducing electricity and chemical consumption, thereby improving water recycling and reuse efficiency. Through localized production, LCY also reduces carbon emissions associated with overseas transportation. In addition, the company promotes the reuse and recycling of packaging materials throughout the logistics process, helping further reduce the product carbon footprint by attaining zero-waste transportation. We have introduced equipment financing and leasing programs to help SMEs ease capital pressures. Internally, a dedicated project team provides technical services and customized solutions for different industries, including: enhancing equipment processing efficiency, reducing operating costs, and extending service life. Through the application of biological acclimation technology in wastewater treatment plant operations, LCY has improved recycled water quality and increased water resource reuse and recycling.

LCY's self-developed MBR membrane bioreactor systems filter wastewater for reuse as industrial water, and when integrated with the EIPA Dual Circular Economy technology, enable the dual regeneration of both isopropanol and water. By incorporating AI and cross-platform integration, LCY has built an intelligent MBR wastewater treatment system that significantly enhances efficiency while reducing energy consumption and sludge generation.

LCY's Industrial Solutions BU participated in the 2025 TIWW AquaImpact Certification Program [Note 1] and received the TIWW AquaImpact Certification, which was evaluated and selected by the British Standards Institution (BSI), a globally recognized organization for ESG standards and verification. (LCY was among eight award recipients selected from a total of 60 participating companies. Furthermore, the Industrial Solutions BU collaborated with the AI Team to publish an article in the June 2025 issue (No. 462) of Industrial Materials titled "Applications of AI in Quality Control and Energy Optimization for MBR Systems: Membrane Fiber Defect Detection and Energy-Efficient Wastewater Aeration Blower Control."

Note 1: The TIWW AquaImpact Certification Program is jointly developed by Taiwan International Water Week (TIWW) and BSI to recognize companies that demonstrate outstanding achievements in water resource circularity, energy efficiency, carbon reduction, and green innovation.

2.3 Responsible Chemical Management

2.3.1 Chemical Management Framework

Chemical management at LCY is anchored in two pillars: Product R&D and Plant Management. In terms of Product R&D, structured management mechanisms are implemented prior to commercial mass production to evaluate substituting and reducing high-risk / hazardous substance. Furthermore, the R&D team collaborate with Environmental, Health, and Safety (EHS) units to conduct comprehensive environmental, health hazard, and safety assessments across the production process, thereby minimizing substances that pose potential hazards to human health or the environment and mitigating operational risks. For plant management, the corporate Environmental Risk Management Department, alongside the EHS offices at each plant, serve as the primary governing bodies. The Environmental Risk Management Department establishes comprehensive chemical management guidelines. From the perspective of the on-site chemical life cycle, chemicals are governed across five key stages: Requisition and Application, Gate / Entry Evaluation, Procurement Labeling, Storage and Usage, and Disposal. We continuously track regulatory revisions by competent authorities, assess operational impacts on our facilities, and formulate response measures. This ensure that chemical operations across all sites relevant departments comply with local laws and regulations, ultimately safeguard the safety and health of our employees during chemical handling. In 2025, revenue from products containing GHS Category 1 and Category 2 health and environmental hazard chemicals was NT$7,112,192,000, accounting for 13.9% of the company's consolidated revenue. All such products undergo a 100% hazard and risk assessment as required by the company.

Chemical Management Process

R&D		Plant Management				
Hazardous Substance Use Assessment	Experimental Process Design	Chemical Requisition and Application	Entry Chemical Assessment	Chemical Procurement Labeling	Chemical Storage and Usage	Chemical / Waste Disposal
Evaluate safer alternatives and usage reduction for high-risk / hazardous substances.	The R&D unit designs experimental processes, compiles lists of required chemicals, and collects Safety Data Sheets (SDS).	User units or operating departments confirm the types and quantities of required chemicals.	The EHS unit reviews and assesses chemical properties, performing hazard analyses based on local national classification standards and Management of Change (MOC) procedures.	Procure chemicals in accordance with site procurement standards and require suppliers to provide Safety Data Sheets (SDS) and GHS-compliant labels	Maintain thorough chemical storage and labeling records, ensure hazard communication is properly conducted, and keep comprehensive usage logs.	Properly clear, treat, and dispose of chemical waste in compliance with local regulatory requirements.

LCY offers a wide variety of products. Beyond commodity chemicals—such as various solvents and methanol downstream derivatives—our other product lines, including high-performance plastics, thermoplastic Elastomers (TPE), and copper foils, inherently contain no chemicals that pose significant risks to human health or the environment. Consequently, our chemical hazard and risk assessment primarily center on plant management, mitigating and controlling chemical risks across three dimensions: substance characteristics, EHS risks, and process hazards.

Chemical Hazard and Risk Assessment Approaches

Chemical Properties Evaluation

- Implement chemical control banding (CCB) by classifying risk levels and adopting.
- Conduct compliance assessment for international banned / restricted substances directives (e.g., RoHS, REACH), verification of Safety Data Sheet (SDS) update, and chemical incompatibility reviews.

EHS Risks

ISO 45001 Hazard Identification and Risk Assessment and ISO 14001 Environmental Aspect Identification: annually evaluate risk levels arising from daily operations and formulate corresponding management measures.

Process Hazard Assessment

Process Hazards Analysis (PHA): Utilize Hazard and Operability Studies (HAZOP) for processes and equipment involving the manufacturing, handling, or storage of hazardous and toxic substances to identify, evaluate and mitigate process hazard.

2.3.2 Responsible Chemical Research

The use of chemical substances has long been closely related to human daily life. In response to current concerns about the safety of various chemical substances, LCY aims to leverage its excellent R&D capabilities through two main strategies: the development of substitutes and process innovation. These strategies aim to gradually reduce the use of high-risk and high-concern substances in our products and facilities. Additionally, we collaborate with our customers to help them develop substitutes, thereby reducing the potential impact of various substances on human health and the environment.

2.3.3 Smart Chemical Management

The R&D Center adopted an online chemical management system in 2019 and has been steadily expanding system functions every year. The system utilizes AI technology and currently holds information on the properties of over 20,000 chemicals, allowing users to quickly look up the latest status and management of all chemicals held within the R&D center. The system's PDA and APP functions allow for quick and easy access to records, queries, and reviews of chemical operations, and a QR code function allows users access to information on the type, quantity, distribution, and hazards of all laboratory chemicals, anywhere at any time. By integrating this system with chemical control banding (CCB), we can effectively manage chemicals and exposure risks. We are streamlining the management hierarchy to have a more direct and real-time understanding of chemical operations within the factory, aiming to enhance productivity and allow the company to adapt swiftly to dynamic market environments. The early warning system allows us to monitor chemical manufacturing parameters in real time.

2.3.4 Waste Management

Waste generated by the R&D Center is managed in accordance with applicable environmental regulations, LCY's EHS policies, and relevant internal procedures. Waste collection and treatment are entrusted to licensed contractors for disposal through approved methods, including incineration, landfill, and recycling or reuse. During waste transportation and treatment, the Nanzih Plant follows the waste manifest requirements established by Taiwan's Ministry of Environment. Waste manifests are generated electronically and issued in triplicate to document waste collection, treatment, recycling, or export activities. After the waste collector signs the manifest, one copy is retained by the Nanzih Plant for recordkeeping. The remaining two copies accompany the waste and are submitted by the waste collector to the treatment or recycling facility within two days. One copy is retained by the waste collector, while the other is kept by the treatment or recycling facility. Upon completion of waste treatment, the treatment contractor provides documentation confirming proper disposal, which is retained by the Nanzih Plant for verification and recordkeeping. In addition, LCY conducts annual audits of waste collection, transportation, and treatment contractors. Site visits and vehicle tracking are also carried out to verify the final destination of waste, thereby strengthening traceability and ensuring that waste is managed appropriately.

2.4 Digital Innovation

2.4.1 Digital Transformation Strategy

Five Years in the Making: Generative AI Accelerates the Next Phase of Transformation

"AI is more than a tool. It is an accelerator of industrial transformation and a key driver of the chemical industry's shift toward higher-value scientific innovation." We began laying the foundation for AI as early as five years ago, initially focusing on applications such as process optimization and industrial safety forecasting. "At the time, our computing capabilities were relatively limited. However, with the rapid advancement of generative AI and cloud computing in recent years, the pace of LCY's digital transformation has accelerated significantly." LCY continues to leverage AI and data analytics, together with generative AI, to strengthen its environmental management, pollution prevention, and regulatory compliance capabilities. Intelligent technologies have been deployed across key environmental management applications, including air pollution control, emissions anomaly detection, and environmental reporting. As a result, LCY has enhanced its ability to identify environmental risks at an early stage, improve data accuracy, and strengthen the timeliness of environmental management. These initiatives demonstrate how AI and intelligent monitoring technologies are being integrated into LCY's environmental management practices. Beyond reducing pollution risks, these technologies also strengthen regulatory compliance and improve the early detection of abnormal operating conditions. At the same time, they enhance environmental data governance and transparency, supporting the company's commitment to environmental stewardship and sustainable governance.

2.4.2 Digital Innovation & Application

◆ Quality Control Powered by AI and Data Analytics

AI enables real-time adjustment of process parameters, helping maintain product consistency while improving production yield and overall competitiveness. "Traditionally, R&D in the chemical and materials industry has relied heavily on trial and error. It's not uncommon to run 1,000 or even 3,000 experiments before arriving at the right material or product. With AI, however, we can use large datasets to simulate potential outcomes before entering the laboratory. That allows us to focus our efforts on the most promising options, significantly reducing development time and the cost of unsuccessful trials." "There's also a clear sustainability benefit. Every experiment consumes chemicals that need to be managed and disposed of. If AI enables us to reduce the number of experiments from several thousand to around 80 or 100, we're not only improving R&D efficiency, we're also minimizing our environmental impact." Beyond R&D, AI also supports operational decision-making. For example, it helps the Procurement Department forecast feedstock price trends and optimize inventory planning. In terms of ESG considerations, AI is integrated with sensor technologies to monitor gas leaks and energy consumption at production sites. These initiatives support the company's climate targets, including a 42% reduction in GHG emissions by 2030 from a 2021 baseline and increasing the use of renewable electricity to 15%.

◆ AI Vision Strengthens EHS and ESG Performance

LCY has deployed a range of AI-powered image recognition and intelligent alert systems across its operations to strengthen workplace safety, environmental monitoring, and risk prevention. These applications include electronic safety perimeters for robotic arm packaging systems, flare stack smoke detection, tanker truck speed monitoring, protective clothing and unloading cover detection, helmet and personal protective equipment (PPE) compliance monitoring, and fire detection through AI-enabled image recognition. By combining real-time detection with automated alerts and incident tracking, these technologies help reduce the risk of personnel entering restricted areas, failure to wear required PPE, vehicle speeding, and delays in fire detection and reporting. At the same time, they improve operational oversight and enable faster response to potential incidents. AI-based smoke monitoring also enhances LCY's ability to detect environmental abnormalities to support pollution prevention and regulatory compliance. Overall, the adoption of AI has delivered measurable improvements in both safety performance and operational management. It also demonstrates how digital technologies are being integrated into the company's EHS management system to strengthen positive ESG outcome.

◆ AI-Powered R&D and Quality Management

LCY continues to integrate AI-powered image recognition into its R&D and quality management processes. Current applications focus on material analysis, process inspection, and measurement standardization, helping improve inspection efficiency, data consistency, and the objectivity of quality assessments. In analytical science, AI-based image recognition is used to automatically detect defects, such as pinholes and voids, in material samples. The system extracts key measurement data, including the location, perimeter, and area of each defect. This provides reliable reference data for laboratory analysis and quality evaluation.

AI image recognition has also been introduced to measure bonding interface area. Because the inspection area is irregular in shape, measurements previously relied on manual annotation and calculation. This process was both time-consuming and susceptible to inspection variability. Since its introduction, AI-assisted analysis has significantly improved measurement efficiency and consistency.

In addition, AI-based image recognition is used during manufacturing to quantify bonding residue area, providing data to support residue quantitative analysis and subsequent process optimization. Overall, these applications are the real outcomes of how AI is strengthening LCY's R&D capabilities and process quality management. By reducing subjective human interpretation, improving operational efficiency, and standardizing measurement methods, AI also supports continuous product quality improvement, more efficient resource utilization, and the advancement of smart manufacturing. The applications embody LCY's core value of "reimagining science for a thriving tomorrow."

2.4.3 Digital Innovation Impact: Advancing AI-Driven Transformation and Manufacturing Competitiveness

LCY participated in Business Weekly's "AI Innovation Top 100" award, Taiwan's first large-scale corporate AI innovation ranking. LCY received the second-place Platinum Award among the manufacturing industry. The value of AI lies in its ability to effectively preserve and transfer professional knowledge, ensuring the continued operation of production lines. This recognition conveys a clear message across the organization: "AI transformation is not an option, but a mission that must be accomplished." The award demonstrates the company's commitment decision leadership.

Global Engagement

LCY actively participates in major international exhibitions, including Chinaplas, SEMICON Taiwan, a leading semiconductor industry event, and Germany’ s K Show, a global showcase for the plastics and rubber industries. Through engagement with industry associations and value chain partners, the company strengthens collaboration and advances its sustainability commitments. LCY highlights its integrated portfolio of offerings, from basic materials to advanced electronic chemicals, and continues to develop competitive green solutions to meet evolving market demands.

Chinaplas Seminar

Showcasing at Chinaplas 2025: Chinaplas Seminar and Pre-Event Media Briefing Prior to the Chinaplas seminar, LCY hosted a media briefing titled “Circular Economy

Chinaplas Seminar and Pre-Event Media Briefing Prior to the Chinaplas seminar, LCY hosted a media briefing titled “Circular Economy: An Innovation Engine for a Sustainable Future” in Beijing on April 1. The event introduced LCY’ s business development initiatives, innovative solutions, and sustainability efforts. Participating media outlets included China Chemical Industry News, China Chemical Information, China Plastics and Rubber Journal (CPRJ), HP Plastic, China Rubber, and China Plastics.

On April 16, LCY held the “Circular Economy: An Innovation Engine for a Sustainable Future” seminar at Chinaplas 2025, where the company presented its latest innovations and applications in high-performance and green materials. Featured applications included medical materials, foamed footwear materials, adhesives, and tires. The seminar received strong engagement from attendees, which reflects industry recognition of LCY’ s technological capabilities.

As a leading global materials and chemicals company, LCY is developing a framework for a circular economy across three stages: "manufacturing, utilization, and recycling." This framework supports more sustainable and robust industry development. Manufacturing Stage: Centered on green production, LCY is advancing the low-carbon transformation of its manufacturing processes by establishing 2030 medium-term targets covering GHG emissions reduction, energy management, and green products. Utilization Stage: Leveraging its strong R&D capabilities, LCY continues to develop innovative materials that combine durability with environmental performance. These solutions help customers achieve greener applications and support sustainable development across the value chain. Recycling Stage: LCY’ s products are designed to meet global supply chain requirements. The company continues to promote collaboration across upstream and downstream partners to develop closed-loop recycling systems.

LCY ensures product traceability and environmental compliance across the entire lifecycle, covering feedstock procurement, production processes, and final products. This enables customers to achieve their sustainability goals while minimizing resource waste. Looking ahead, LCY will continue working with customers and partners to promote the development of a circular economy and support the transition toward a more sustainable industry. LCY looks forward to empowering a green future with infinite possibilities.




SEMICON Taiwan 2025

LCY Showcases LCY Advanced Formulations Ahead of SEMICON Taiwan 2025

On September 8, LCY officially introduced its LCY Advanced Formulations portfolio of wet processing formulations for advanced semiconductor manufacturing at a pre-event press conference. The press conference was attended by LCY Chemical Corp. CEO Vincent Liu, Chief Technology Officer Dr. Yu-Ling (Elaine) Hsiao, Senior Vice President of the Electronics Materials Business Unit and Senior Vice President of Operational Excellence Fanming Chao, Vice President of the Electronics Materials Business Unit Eason Fang, and Deputy Spokesperson Anya Ku. The event brought together representatives from a wide range of media outlets, including Taiwanese newspapers, financial publications, semiconductor industry media, energy and sustainability media, and international press.

CEO Vincent Liu noted that semiconductor manufacturing has entered an era of increasingly advanced process technologies, where cleaning materials have evolved from a supporting component to a critical factor affecting production yield and process performance. As AI servers are predominantly manufactured using 3 nm process technology, demand for advanced packaging and next-generation materials continues to grow. As a result, the performance of cleaning materials has become increasingly important to manufacturing yield. LCY's newly launched LCY Advanced Formulations portfolio offers three key strengths: advanced electronic materials technology, support for leading-edge semiconductor processes through customized solutions, and a sustainability-driven approach. The portfolio integrates R&D, application testing, and mass production support

to further strengthen the resilience of the global electronic materials supply chain. Looking ahead, LCY will continue collaborating with customers to advance process material innovation from the earliest stages of semiconductor manufacturing. LCY also aims to meet increasingly stringent requirements for cleanliness and process stability, helping enhance the competitiveness of the semiconductor supply chain.

On September 11, Chief Technology Officer Dr. Yu-Ling (Elaine) Hsiao delivered a presentation at the SEMICON Taiwan 2025 Heterogeneous Integration Global Summit (HIGS). During her presentation, Dr. Hsiao reaffirmed LCY's commitment to supporting partners across the global semiconductor value chain. She also officially introduced LCY Advanced Formulations, the company's latest portfolio of wet processing formulations for advanced semiconductor manufacturing. Dr. Hsiao noted: "In developing these advanced formulations, we focused on precise selectivity, high efficiency, operational safety, and sustainability. Each solution is finely tuned to customer process nodes and new architectures." With this next-generation packaging solution, we enable advanced packaging and wafer fabrication facilities to achieve greater reliability and flexibility across diverse processes, meeting critical needs in cleaning, stripping, and etching. We are equipping our customers to confidently meet the challenges of the next era.”

LCY is committed to enhancing the resilience of the global electronic materials supply chain and helping wafer manufacturers improve reliability and manufacturing flexibility in increasingly complex semiconductor processes. These efforts support the industry's transition toward heterogeneous integration. In addition to its wet processing formulations, LCY showcased a broader portfolio of advanced electronic materials, including fluorine-free colorless polyimide (CPI) and advanced hydrocarbon polymers. These innovations exemplify the company's ongoing dedication to pioneering next-generation semiconductor manufacturing and electronic materials technologies.


2025 K Show 2025 in Germany

Technology Driving Sustainability: LCY Showcases PCR Polypropylene, SEBS Elastomers, and Sustainable Composite Materials at K 2025 in Germany

As a leader in polymer materials, LCY participated in K 2025, the world's largest trade fair for plastics and rubber, held in Düsseldorf, Germany, under the theme "Where Science Meets Sustainability." At the exhibition, LCY showcased material solutions that combine high performance with low carbon emissions. During the event, LCY also hosted media interviews with leading industry publications, including Kunststoff Magazin, Plasticker, k-aktuell, and k-profi.

At K 2025, LCY highlighted four key product portfolios spanning applications from everyday consumer products to advanced industrial uses, including PCR-PP: Offers customizable recycled content while maintaining excellent processing stability and mechanical strength. The material also delivers high-quality surface finishing, making it suitable for packaging and structural applications. TPV: LCY introduced the new Globalene™ 1055RC / 4055RC concentrates, which provide greater formulation flexibility and are well suited for automotive sealing systems and tubing applications. SEBS / SBS: Delivers excellent solubility and oil absorption, providing reliable modification solutions for a wide range of composite materials. SIS: Developed for hot-melt adhesive applications, this material combines elasticity, heat resistance, skin compatibility, and high transparency to meet the demanding requirements of hygiene products. The portfolio support applications across medical devices, consumer and industrial products, automotive components, and infrastructure. Together, they demonstrate the versatility of LCY's polymer technologies while supporting the transition toward a circular economy and empowering customers advance their net-zero ambitions.

In the face of increasingly severe climate challenges, LCY is not only committed to breakthroughs in material performance, but also embeds sustainable thinking into its R&D DNA. Building on its expertise in materials science, the Company will continue working with global partners to advance the circular economy, establish new benchmarks for sustainable materials, and contribute to a more sustainable future.



Global Engagement and Strategic Presence

LCY continues to strengthen connections with the global industrial, academic, and public sectors by participating in forums organized by international non-profit organizations and academic institutions. These engagements provide opportunities to exchange perspectives on industrial transformation in an increasingly fragmented global landscape. LCY actively participates in scientific dialogue in Europe, global economic forums in North America, and discussions on circular economy practices across the Asia-Pacific region. Insights gained through these exchanges help translate scientific innovation into practical industrial applications. Through cross-border and cross-sector collaboration, LCY contributes to building more resilient and sustainable global supply chains.

Leading Circular Economy Collaboration in the Semiconductor Industry

CEO Vincent Liu Shares Sustainability Practices at the Saxony-Taipei Scientific Conference

On September 30, CEO Vincent Liu participated in the Saxony–Taipei Scientific Conference, jointly organized by TU Dresden, the Saxon Ministry of Science, and the Saxon Science Liaison Office. During the event, he joined speakers from TSMC, TU Dresden, and the TU Bergakademie Freiberg to engage in an in-depth discussion. Liu introduced LCY's Dual Cycle Circular Model, which is designed to minimize waste and reduce carbon emissions. He also highlighted LCY's water circularity initiatives, which enable the complete recycling and reuse of wastewater at production facilities. These efforts support zero wastewater discharge while strengthening resource resilience across operations.

In response to a question on how European wafer manufacturers can attain circular economy, Liu noted that achieving a fully circular system for electronic-grade isopropyl alcohol (EIPA) remains challenging. He cited TSMC as a leading example of progress in this area. He also emphasized that two factors are essential to accelerating circularity: strong corporate commitment and sustained investment in scientific research. Liu further explained that many semiconductor chemicals are not yet recyclable. As a result, research and development must be considered an integral part of the product life cycle, with a focus on developing scientifically validated recycling solutions. He concluded that science-driven innovation, combined with collaboration across the semiconductor value chain, will be critical to advancing a fully circular economy for the global semiconductor industry.

Reindustrialization in the Era of Fragmented Globalization

LCY Group President Bowei Lee Engages with Former Canadian Foreign Minister Pettigrew at Toronto Global Forum to Chart a Reindustrialization Blueprint

On October 18, LCY Group Chairman Bowei Lee participated in the 2025 Toronto Global Forum, where he joined Pierre Pettigrew, Chair of the Board at the Asia Pacific Foundation of Canada and former Canadian Minister of Foreign Affairs, for a discussion on the future of global industrial development. During the session, Lee observed that globalization is entering a new phase shaped by strategic reindustrialization, geopolitical shifts, and the reconfiguration of resilient supply chains. He described this transition as "fragmented globalization," noting that while the previous model of globalization helped lift more than one billion people out of poverty, the emerging model is reshaping the global economic landscape.

Lee emphasized that technological innovation, workforce development, and supportive public policy have become the three key drivers of industrial resilience. He also called for streamlined permitting and approval processes to accelerate industrial investment and innovation. According to Lee, successful reindustrialization requires coordinated action across infrastructure development and policy to strengthen long-term industrial resilience. Drawing on Taiwan's experience, Lee highlighted the country's science park cluster model as a valuable reference for developing industrial ecosystems in North America. Close collaboration among manufacturers, suppliers, and technology service providers can accelerate innovation while fostering a highly resilient industrial ecosystem. Looking ahead, LCY Group will continue working with global partners through cross-border collaboration and scientific innovation to support sustainable industrial development and help strengthen industrial resilience in an ever-evolving global economy.

Asia Pacific Circular Economy Roundtable

CEO Vincent Liu advancing Industrial Circularity Through Scientific Innovation

On October 23, CEO Vincent Liu participated in the panel discussion "Circular Supply Chains and Trade Collaboration" at the 2025 Asia-Pacific Circular Economy Roundtable (APCER), organized by the Circular Taiwan Network. Industry leaders from Lealea Enterprise, Griffith Business School, and the Circular Supply Chain Coalition, along with Circular Taiwan Network Chairman Charles Huang joined Liu on the discussion. The session was moderated by Dr. Lih-Chyi Wen, Chief Advisor of the Center for Green Economy at the Chung-Hua Institution for Economic Research (CIER). Together, the panel explored practical approaches to advancing regional collaboration on the circular economy.

During the discussion, Liu shared how LCY applies science-driven innovation to translate circular economy principles into practical industrial solutions. He introduced LCY's Dual Cycle Circular Model, which supports circularity within the semiconductor industry, and highlighted a collaboration with a global sporting goods retailer. The project combined LCY's high-performance materials with the "reduce" and "recycle" principles of its 6R Strategy to transform end-of-life footwear into durable diving fins. The initiative reduced the product's carbon footprint while maintaining durability and performance, demonstrating the potential of high-performance materials to enable circular economy solutions in everyday applications. Through cross-industry collaboration, LCY has shown how materials science can extend the value of waste material by returning them to productive use within a closed-loop system.

Addressing the challenges of advancing the circular economy, Liu echoed the views of Chairman Charles Huang, emphasizing that effective governance is essential to transforming promising ideas into commercially viable solutions. Liu also called on governments to review and, where appropriate, streamline regulatory requirements to remove barriers to industrial transformation. As a science-driven company focused on semiconductors and the circular economy, LCY will continue to advance sustainable industrial solutions through innovation and strategic partnerships.

32%

Total carbon emissions across operating locations in Taiwan, China, the US, and Canada decreased by 32% compared to the base year (2021), with carbon intensity dropping by 0.3% compared to the previous year (2024).

18.9%

Total energy consumption across operating locations in Taiwan, China, the US, and Canada decreased by 18.9% compared to the base year (2021), while energy intensity experienced a slight increase of 3.12% compared to the previous year (2024).

23.4%

Total SOx emissions per unit of product across operating locations in Taiwan, China, and the US decreased by 23.4% compared to the previous year (2024).

Green Operations: Leading Low-Carbon Transition

- GHG Emissions and Energy Management
- Pollution prevention and emission control

LCY actively conducts greenhouse gas (GHG) inventories to comprehensively assess energy and raw material usage as well as associated carbon emissions across all production stage. Based on these findings, we systematically and strategically establish short-, medium-, and long-term carbon reduction targets to serves as key drivers for operational decision-making, steadily advancing toward our 2050 net-zero vision.

We continue to advance our sustainable manufacturing processes by focusing on improving energy efficiency as well as requiring all plants to gradually increase their share of renewable energy. In addition, 100% of our plants have implemented the ISO 50001 Energy Management System, fostering a more resilient low-carbon operational model.

Environmental Performance Targets and Progress

In response to changes in business strategy and organizational development, LCY has re-evaluated and update its environmental management base years and key targets. Accordingly, this report reflects the revised target framework for GHG emissions, energy usage, water resources, and waste management targets accordingly.

Category	KPI [Note 1]		2025 Target	Performance in 2025	Short-term: 2026 Targets	Mid-term: 2027 Targets	Long-term: 2030 Targets
GHG Emissions	**GHG (Scope 1, 2) emissions reduction**	Base year: 2021 1,106.1 KtonCO$_2$e	32%	32%	34%	36%	42%
Energy Management	**Reduction of energy intensity (consumption per unit of product) compared to the base year**	Base year: 2021 5.81 GJ / ton of product	2%	↑ 25.7%	4%	5%	8%
	All LCY Taiwan plants will use a certain percentage of renewable energy	0.02% Green Energy	1.3%	1.36%	2%	-	15%
VOC Emissions	**Taiwan plants to reduce VOC emissions vs. base year**	Base year: 2021 191.47 tons			**Linyuan Plant:** Through process improvements, equipment component upgrades, and pollution control enhancements. • 2025-2026: Estimated reduction of 24 tons / year through process equipment improvements • 2027-2030: Continue reduction actions with rolling adjustments **Xiaogang Plant:** Improve process operations to enhance enclosure and collection efficiency • 2025: Commissioned professional contractors for improvement evaluation and completed the preliminary improvement plan • 2026: Continue improvement projects in phases (budget approved) • 2027-2030: Complete project and seek efficiency approval from the Environmental Protection Bureau		
Water Management (Wastewater Recycling)	**Higher wastewater recycling rates at designated Taiwan plants**	Base year: 2021 13.9%	15%	10.6%	Maintain 15% annual recycling rate		
Waste Management	**Taiwan plants reduce waste output vs. base year**	Base year: 2021 20,730.66 tons	10%	11.3%	Maintain 10% annual reduction compared with base year		

Note 1: The base year for environmental KPIs is 2021.
Note 2: Mid-term renewable energy targets will be revised on a rolling basis according to each plant's or business unit's green power procurement strategy.
Note 3: In 2024, LCY reassessed and revised its environmental indicators for air quality, water management, and waste management, prioritizing Taiwan plants that account for the largest share of emissions.
Note 4: In 2024, LCY reassessed and revised its environmental indicators for air quality, water management, and waste management, prioritizing Taiwan plants that account for the largest share of emissions.
Note 5: (1) Designated plants in Taiwan - only the Kaohsiung and Linyuan Plants are equipped with wastewater treatment facilities
(2) Wastewater recycling inside the plants refers to the process where wastewater, after being treated in these facilities, undergoes further filtration to be reused instead of being discharged.
(3) Wastewater recycling rate = (recycled wastewater / total water withdrawal)*100%.
(4) The wastewater recycling rate was only 11.9% in 2024 because process modifications required retraining microbial cultures in wastewater treatment, temporarily reducing recycling volumes.
Note 6: Water and waste management: In recent years, plants have been focused on wastewater recycling and waste reduction. As processes have stabilized, annual targets remain at a 15% wastewater recycling rate and a 10% waste reduction rate.

3.1 Environmental Policies

3.1.1 Environmental Protection Policies

LCY is committed to the core principles of "respect for human life, observe regulations, prevention of pollution, continuous improvement, and sustainable operations." The company actively manages greenhouse gas (GHG) emissions, energy efficiency, air quality, water resources, chemical safety, and waste resource circulation. Through robust management systems and performance indicators, LCY strengthen environmental governance to drive operational resilience.

3.1.2 Environmental Governance Structure and Responsibilities

LCY has established a comprehensive environmental management system. All production sites have fully implemented the ISO 14001 Environmental Management System and obtained third-party certification, ensuring effective monitoring and mitigation of environmental impacts in daily operations. To enable more precise environmental management, LCY established the ERM & Sustainability Department as a dedicated first-tier function reporting directly to the top management. The department comprises the Environmental Risk Management Department and the Sustainability Development Department. In addition to identifying and managing operational environmental risks and overseeing environmental protection and occupational safety and health (OSH) practices across all sites, the department also serves as the execution unit for the ESG Sustainability Strategy Committee (ESG SSC), translating sustainability decisions into concrete actions and ensuring effective realization of the LCY's environmental policies. Each production site has a dedicated Department of Industrial Safety and Environmental Protection that is responsible for frontline environmental management and workplace safety. Guided the Responsible Care initiative, LCY continuously drives operational improvement and processes optimization to ensure full compliance with all relevant regulations and standards.

3.1.3 Environmental Regulatory Compliance and Management of Non-Compliance Cases

In 2025, LCY received eight environmental regulatory non-compliance cases, with total fines amounting to NT$3.671 million. The cases primarily involved violations related to the Air Pollution Control Act and the Waste Disposal Act. No penalties were imposed for other environmental areas, including water pollution, toxic and concerned chemical substances, or noise control. The increase in penalties in 2025 was mainly attributable to three significant non-compliance identified during a joint inspection conducted by the Environmental Protection Bureau in March. Due to the inadequate performance of existing pollution control equipment, these violations resulted in cumulative fines of NT$3.15 million, including one significant non-compliance involving a fine exceeding NT$1 million. LCY regarded this incident as an opportunity for environmental management transformation. Following the inspection, the company convened a comprehensive review meeting and carried out repairs and equipment replacements for the non-compliant components. By the time the formal penalty notices were issued in November, the treatment performance of the related control equipment had been fully restored to compliant and stable operating conditions. For all penalty cases, LCY promptly initiated comprehensive reviews and improvement mechanisms following each incident. Through root cause analysis, the company systematically identified management gaps and underlying risk sources to implement corrective and preventive actions (CAPA) accordingly. In addition to continuously strengthening employee training on environmental regulatory compliance and sustainability management, LCY has also enhanced internal management processes, monitoring mechanisms, and early warning risk alert systems to minimize the recurrence of similar cases and continuously improve overall environmental management performance.

Moving forward, LCY remains committed to its management target of "zero penalties" by strengthening environmental governance and regulatory compliance practices. Upholding higher standards of corporate environmental responsibility, the company aims to reinforce operational resilience and support long-term sustainable development.

Type	2023		2024		2025	
	No. of Violations	Fine (NT$)	No. of Violations	Fine (NT$)	No. of Violations	Fine (NT$)
Waste pollution	0	0	0	0	1	6,000
Air Pollution	3	925,000	10	1,425,000	7	3,665,000
Water Pollution	0	0	0	0	0	0
Toxic chemicals pollution	0	0	0	0	0	0
Total	3	925,000	10	1,425,000	8	3,671,000

3.2 Climate-Related Risks and Opportunities

3.2.1 Climate Risk Governance

To effectively address the impacts of climate change, LCY has established a comprehensive climate governance framework. Under the ESG Sustainability Strategy Committee (ESG SSC), the Green Transformation Team oversees the identification, management, and assessment of climate-related risks and opportunities. Following internal review, assessment results are submitted to the Board for approval, ensuring seamless integration with the company's enterprise risk management system. The Green Transformation Team also formulates climate mitigation and adaptation strategies, ensuring their concrete execution across the all operational sites' daily management practices.

3.2.2 Climate Risk Assessment Process

LCY adopts a rigorous and systematic climate risk assessment framework, which is overseen by the Green Transformation Team under the ESG SSC. The framework translates the impacts of climate change on LCY's operations into measurable and manageable metrics. The key steps are outlined below:

Comprehensive Risk Identification

With Reference to the IFRS S2 Industry - based Guidance, LCY considers its chemical sector characteristics to comprehensively inventory the value chain and assess dependencies and impacts on the natural environment and society. Through this process, LCY identifies climate transition risks policy and regulatory shifts, market trends, and technological advancements, as well as physical risks driven by extreme weather events.

Scenario Analysis and Impact Assessment

LCY adopts diverse climate and policy scenarios (e.g., high-emissions, delayed transition, and aggressive decarbonization) to quantitatively assess the potential impacts of different warming pathways on production stability, energy supply, and supply chain resilience. Through integrated qualitative and quantitative analyses, LCY ensures management gains clear oversight of the potential financial impacts of climate-related issues.

Risk Matrix and Prioritization

Risks are categorized into short-, medium-, and long-term horizons and evaluated based on their likelihood and impact through a weighted scoring methodology. Based on the ranked result, five material risks across three risk categories were prioritized. These findings serve as a fundamental basis for resource allocation and strategic planning.

Integration into Risk Management Strategy

For risks identified as high priority, the ESG SSC reviews and formulates appropriate mitigation and adaptation measures. The ERM & Sustainability Department coordinates these initiatives, embedding them into daily operations to ensure the environmental policies and commitments are fully operationalized across all operational sites.

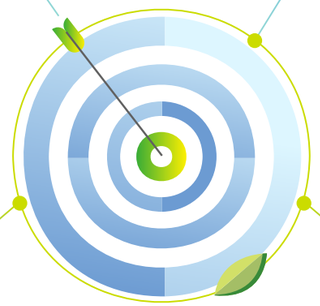
Climate Risk and Opportunity Management Framework

01 Governance

Established the Green Transformation Team under the ESG SSC as LCY's core body dedicated to the dynamic identification of climate-related risks and opportunities. The ERM & Sustainability Department integrated these initiatives into daily operational execution and monitoring, while regularly consolidating and reporting climate risk issue and assessments findings to the Board to strengthen board to reinforce top management's oversight and strategic involvement in climate risk governance.

02 Strategy

- Evaluate dependencies and impacts on the natural environment and society based on chemical sector characteristics, production models, product portfolio, market trends, and supply chain resilience, thereby identifying key climate-related risks and opportunities.
- Adopts climate scenario analysis to quantitatively assess the potential financial impacts of climate-related risks and opportunities on financial health (e.g., asset values and operating costs), serving as a strategies basis for formulating operational plans and optimizing resource allocation.



03 Risk Management

- Integrate into the enterprise risk management framework with reference to IFRS S2,establishing a prioritization mechanism that covers short-, medium-, and long-term horizons based on impact severity and likelihood of occurrence.
- Continuously evaluates operational impacts of climate risks and dynamically adjusts mitigation and adaptation measures to ensure market competitiveness amidst the low-carbon transition.

04 Metrics & Targets

- Key Performance Indicator (KPI) management: Set 2021 as the base year for environmental KPIs and establish key performance indicators - including GHG emissions reduction, renewable energy adoption, and waste reduction - with reference to IFRS S2 cross-industry metrics and the SASB chemical sector metrics.
- Implementation of Data-driven management: Incorporate these KPIs into the annual action plans and utilizes the PDCA (Plan-Do-Check-Act) management cycle to regularly review execution and progress, ensuring the fulfillment of environmental commitments.

3.2.3 Climate Risk and Response

Risk Matrix

With reference to TCFD recommendations, LCY integrate climate risks into its enterprise risk management framework. By applying climate scenario analysis tailored to the chemical sector's characteristics, the company identifies transition risks, such as regulatory developments and market shifts and physical risks arising from extreme weather events. The Green Transformation Team systematically identifies climate risks by conducting internal departmental interviews and administering assessment questionnaires to evaluate material impacts under defined scenarios, and quantitative assessment methodology. Risks are prioritized through a weighted scoring approach based on time horizon, likelihood of occurrence, and impact severity. The results are submitted to the ESG SSC and the Board for approval and prioritization based on operational relevance, enabling the formulation of corresponding mitigation and adaptation measures to strengthen climate resilience.

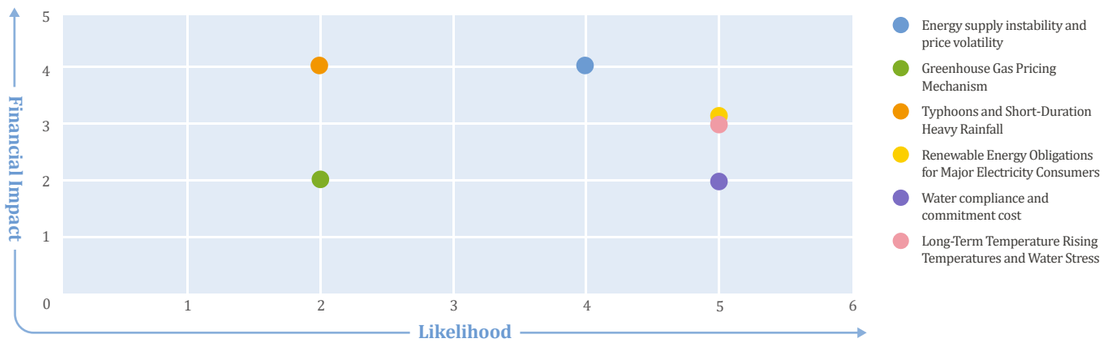
When evaluating climate risks, the Green Transformation Team concurrently assesses the "economic benefits" and "market leadership potential" of each proposed response measure. Response measures that demonstrate the potential to "optimize operating costs" and "secure an early-mover market advantage" are defined as strategic climate opportunities and granted higher priority.

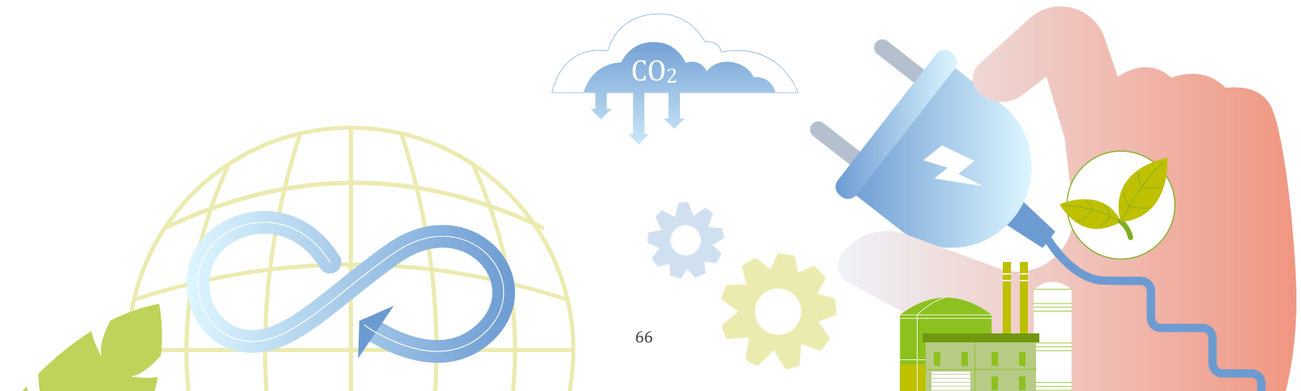
Materiality and Likelihood Assessment Criteria

Materiality	Percentage of Revenue
Insignificant	0~0.02%
Minor	0.02~0.05%
Medium	0.05~0.1%
Major	0.1~0.2%
Critical	>0.2%

Likelihood	Description	Reference Time Horizon
Rare	Highly unlikely to occur and expected only under extreme circumstances.	More than once every 10 years (<10%)
Unlikely	May occur, but historical experience indicates a relatively low probability.	Once every 5–10 years (10–30%)
Possible	Reasonably likely to occur within the short to medium term.	Once every 3–5 years (30–60%)
Likely	Highly likely to occur or already emerging.	Once every 1–2 years (60–90%)
Almost certain	Has already occurred or is required by law or regulation.	Annually (>90%)

Climate-Related Risk Assessment Results





Following a dynamic review conducted by the Green Transformation Team, LCY's climate risks have been consolidated into the following key categories to ensure that resources are focused on energy management and the low-carbon transition.

No	Type	Risk	Description	Potential Financial Impact	Key Adaptation and Mitigation Measures	Corresponding Climate Opportunities (Convert Risk into Opportunity)
1	Transition Risk	Market- Energy supply instability and price volatility	Approximately 50% of energy consumption across LCY's production sites stem from electricity; instability in power supply or price fluctuations could lead to production costs.	Increased operating costs	• Introduce the ISO 50001 Energy Management System with a digital energy monitoring • Proactively drive energy-efficiency projects across production sites	• Introduce diversified renewable energy sources to ensure supply stability • Secure long-term Corporate Power Purchase Agreements (CPPAs) to stabilize renewable energy supply and pricing • Deploy energy storage systems to reinforce energy resilience
2	Transition Risk	Policy and Regulatory- Renewable Energy Obligations for Major Electricity Consumers	Pursuant to the Renewable Energy Development Act, facilities with contracted capacity exceeding 5,000 kW must fulfill renewable energy obligations or pay non-compliance buyout fees.	Increased operating costs	• Proactively adopt diversified renewable energy source to comply with government mendates	
3	Transition Risk	Policy and Regulatory- Increasing cost of GHG emissions	In Response to Taiwan's Climate Change Response Act its subsidiary regulations, carbon fees collection is scheduled to begin in 2025. Five of LCY's six production sites in Taiwan meets the levy threshold and will directly face regulatory carbon fee burdens.	Increased operating costs	• Apply for the Ministry of Environment's Voluntary Emission Reduction Plan to qualify for preferential carbon fee rates • Deploy and integrate renewable energy • Invest in implement energy-efficiency projects to enhance energy performance • Adopt low-carbon technologies to drive manufacturing processes improvements	• Develop green products featuring low product carbon footprint (PCF) and high energy-efficiency.
4	Transition Risk	Policy and Regulatory- Water compliance and commitment cost	Pursuant to Taiwan's Regulations on the Water Conservation Charge, operating sites consuming over 9,000 metric tons of water per month during dry seasons are subject to a water conservation charge of NT$3 per ton, which leads to increased production costs.	Increased operating costs	• Partner with local government to adopt reclaimed municipal wastewater. • Proactively recover, treat, and reuse process water, such as steam condensate • Optimize manufacturing parameters to reduce water consumption • Develop proprietary technologies to recycle process water and rainwater while driving water conservation projects	• Develop high-efficiency water recycling technologies to reduce raw intake and enhance resource circularity • Deploy self-develop water treatment technologies to fulfill the needs of domestic customers
5	Physical Risk	Acute physical climate risk	Typhoons and short - duration torrential rainfall causing sites damage or disruption to supplier and transportation.	Resulting in asset impairment and revenue losses	• Strengthen site management and asset protection to minimize potential disaster losses • Enhance backup power and facility energy systems • Implement digitalization and remote monitoring to reduce non-essential on-site staffing and workplace safety exposures	• Develop proprietary AI technologies to optimize site dispatching and risk management • Deploy energy storage and backup power systems to strengthen energy resilience
6	Physical Risk	Chronic Physical Climate Risk: Long-Term Temperature Rising Temperatures and Water Stress	Working hour losses caused by rising temperatures and operational shutdown due to water shortages.	Increased operating costs and revenue reduction	• Import reclaimed municipal wastewater from Linhai Wastewater Treatment Plant • Proactively drive water conservation plans to improve water resource management and reduce consumption. • Develop and conduct advanced water treatment technologies and equipment.	• Strengthen cooperative partnerships with local governments • Deploy self-developed / proprietary high-efficiency water treatment technologies

Climate Scenario Analysis Results

To evaluate the potential operational impacts of physical climate risks across its production sites in Taiwan, the Green Transformation Team utilized scientific projections from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction (NCDR). The assessment applied two climate scenarios—SSP1-2.6 (Sustainable Transformation / Low Emissions) and SSP5-8.5 (Current Development / High Emissions)—to conduct risk identification and impact assessment for both the medium term (2030) and the long term (2050) across for key physical hazards: flooding, sea level rise, drought, and extreme heat. By overlaying site-specific geographic coordinates with national hazard potential maps, LCY determined that the physical risks associated with its site location are generally low. However, in line with its product risk management approach, the company conducted stress testing under the most severe SSP5-8.5 scenario while factoring in operational vulnerability. The results indicated that potential operational losses could reach the company's materiality threshold. Consequently, LCY has integrated climate risks into its Business Continuity Plan (BCP), strengthen engineering resilience through measures such as improving site drainage and enhancing building wind resistance factor to mitigate physical damage from extreme weather events. It has also strengthened water resource management by actively reusing process effluent and recycled water in its facilities, with partnering with local government to sign agreements for reclaimed municipal wastewater usage, ensuring uninterrupted water supply during dry seasons. Through these proactive adaptation measures, LCY effectively controls the residual risks, safeguarding operational resilience under climate change.

The Green Transformation Team concurrently assessed LCY's climate transition risks using the International Energy Agency (IEA) Net Zero Emissions by 2050 (NZE 2050) scenario and the Stated Policies Scenario (STEPS). Under the NZE 2050 scenario, the shift in energy mix is expected to drive up energy costs, while the carbon fee set by Taiwan's Ministry of Environment is expected to reach NT$1,200 per metric ton. Based on projected emissions from LCY's operations in Taiwan, the resulting carbon fee liability will reach the company's materiality threshold. To mitigate the potential financial impacts of these policy shifts, LCY has established a clear low-carbon transition roadmap — prioritizing low-carbon and energy-efficient technologies, optimizing energy and resource efficiency across its production sites, accelerating the adoption of renewable energy and securing long-term power purchase agreements (PPAs) to stabilize electricity prices. Together, these initiatives reduce dependence on conventional grid electricity and minimize potential carbon fee liabilities. At the same time, LCY is strategically expanding its portfolio of green, low-carbon products, which accounted for 10% of total revenue in 2025 (see Chapter 2 Driving Circular Innovation). These products are expected to serve as a key driver of LCY's low-carbon transition, supporting the company's strategic objective of transforming climate risks into long-term competitive advantage.

3.2.4 Metrics, Targets, and Outcomes

To address climate risks, LCY has established relevant monitoring metrics and targets for the key risks identified in Section 3.2.3,using 2021 as the base year, the company regularly monitors progress toward achieving these goals.

To enhance the precision of its climate governance, the Green Transformation Team is evaluating the implementation of an Internal Carbon Pricing (ICP) mechanism. The proposed framework will enable a more accurate evaluation of the financial hedging efficacy of investments in energy efficiency and carbon reduction initiatives. By internalizing potential carbon fee risk into financial model parameters, LCY will guide each production site to proactively identify low-carbon transition opportunities, ensuring that decarbonization practices are closely linked with financial performance.

Disclosure Category	Key Performance Indicators (KPIs)	Base year: 2021	Performance in 2025	Details
GHGs	GHG Emissions (Scope 1 + Scope 2)	1,106,130	753,341 tonCO_2e (-32%)	See Chapter 3.3
Energy Management	Renewable Energy Adoption	0.02%	1.363% (+6650%)	See Chapter 3.3
Energy Management	Energy Consumption	9,344,485 GJ	7,582,525 GJ (-18.9%)	See Chapter 3.3
Water Management	Water recycling ratio	13.9%	10.6%	See Chapter 3.5
Low-carbon product	Green Product Revenue (NT$ Thousand and % of Total Revenue)	$2,811,907,000 (5%)	$4,568,526,000 (10%)	See Chapter 2.0
Low-carbon product	Product Carbon Footprint (PCF) Inventory Coverage (%) (或 PCF Inventory Coverage Rate)		100% of green product revenue covered by internal carbon footprint assessments 68% of green product revenue covered by third-party verified carbon footprint assessments	

LCY recognizes the profound impact of climate change on the chemical industry. The company is proactively managing climate-related risks, transforming them into business opportunities, and strengthening operational resilience through a robust governance framework, science-based scenario analysis, and quantitative assessment of potential financial impacts. Looking ahead, LCY will leverage its innovation and R&D capabilities to advance low-carbon manufacturing processes and the transition to a circular economy. While pursuing sustainable business growth, LCY remains firmly committed to environmental stewardship.

GHG Emissions (Scope 1 + Scope 2) **-32%**

Renewable Energy Adoption **+6650%**

Energy Consumption **-18.9%**

3.3 Carbon & Energy Management

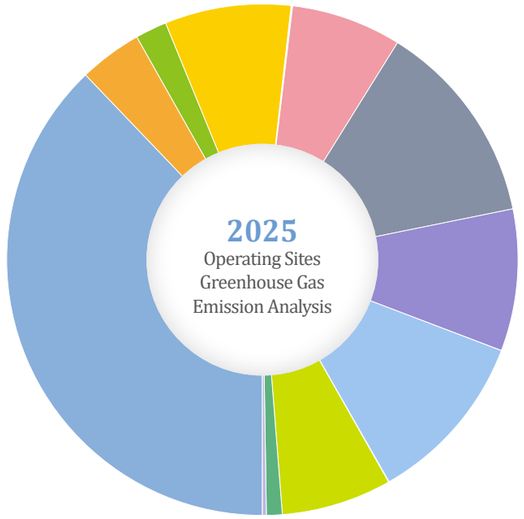
3.3.1 Carbon Management

LCY's Taiwan plants follow the Ministry of Environment's GHG Inventory Guidelines, while China sites conduct inventories and third-party verification under ISO 14064-1:2018. The Taipei office, R&D Center, Kaohsiung Terminal Station, and Central Taiwan Science Park (CTSP) Huwei Plant also conduct voluntary inventories under ISO 14064-1:2018. U.S. and Canadian operations currently follow local regulatory requirements, with plans to gradually adopt ISO 14064-1:2018 verification for greater consistency and international alignment.

In 2025, total GHG emissions (Scope 1 and Scope 2) across LCY locations in Taiwan, China, the US, and Canada amounted to753,341 tCO_2e, with a carbon intensity of 0.726 tonCO_2e per ton of production. Compared to 2024, total emissions decreased by 6,228 tons, representing a 0.3% reduction in carbon intensity. From the base year (2021), LCY has reduced a cumulative total of 352,789 tons of carbon, reaching a reduction rate of 32%.

In addition, LCY's total Scope 3 emissions in 2025 were 3,395,891 metric tons of CO_2e, with the inventory scope covering: purchased goods and services, capital goods, fuel- and energy-related upstream activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, and employee commuting.

To advance sustainable development while balancing operational performance and environmental impact, LCY will continue to implement diverse energy-saving and carbon-reduction initiatives, steadily fulfilling its GHG emission reduction commitments. For related actions, please see Taking Action: Successful Case Studies for Reducing Carbon Emissions and Energy Use.



Huizhou Plant	38%	Dashe Plant	7%	Taipei Office	0.04%
AR Plant	4%	Xiaogang Plant	13%	Copper Foil Plant	7%
Zhenjiang Plant	2%	Linyuan Plant	9%	CTSP Branch	1%
Baytown Plant	8%	Qianzhen Logistics Center	0.01%	Nanzih R&D Center	0.25%
Sarnia Plant	0.1%	Kaohsiung Plant	11%		

Cumulative Carbon Reduction Compared to Base Year (2021)

Taiwan Operating Sites
↓ **172,356** ton CO_2e

+

Mainland China Operating Sites
↓ **144,937** ton CO_2e

+

US Operating Sites
↓ **2,368** ton CO_2e

=

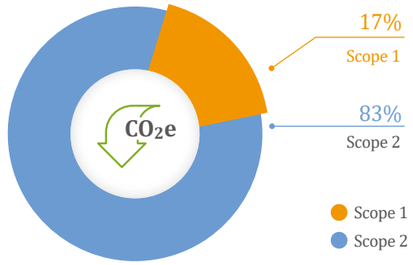
2025 LCY Total Carbon Emissions
753,341 ton CO_2e

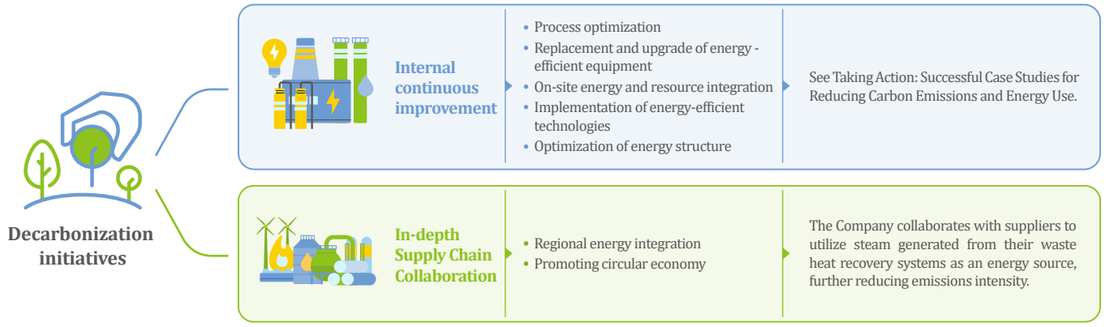
Cumulative Carbon Reduction **352,789** ton CO_2e

Carbon Emissions ↓ **32%**

LCY's greenhouse gas emissions are primarily indirect emissions (Scope 2), which account for approximately 83% of total emissions, while direct emissions (Scope 1) account for about 17%. Therefore, LCY's decarbonization strategy focuses on optimizing energy integration across production sites and improving the efficiency of electricity and steam utilization. To fulfill its climate commitments, senior management approved an enhanced emissions reduction target in the first quarter, aligning with the Science Based Targets initiative (SBTi). The company aims to achieve a 42% absolute reduction in Scope 1 and Scope 2 GHG emissions by 2030. LCY also aims to reach net-zero emissions by 2050, in alignment with the 1.5° C pathway under the Paris Agreement. LCY will continue strengthening energy efficiency initiatives, enhancing energy efficiency at production sites, reducing fuel consumption, and improving operational controls to lower air emissions. These efforts are helping LCY steadily advance its low-carbon transition and progress toward long-term sustainable operations.

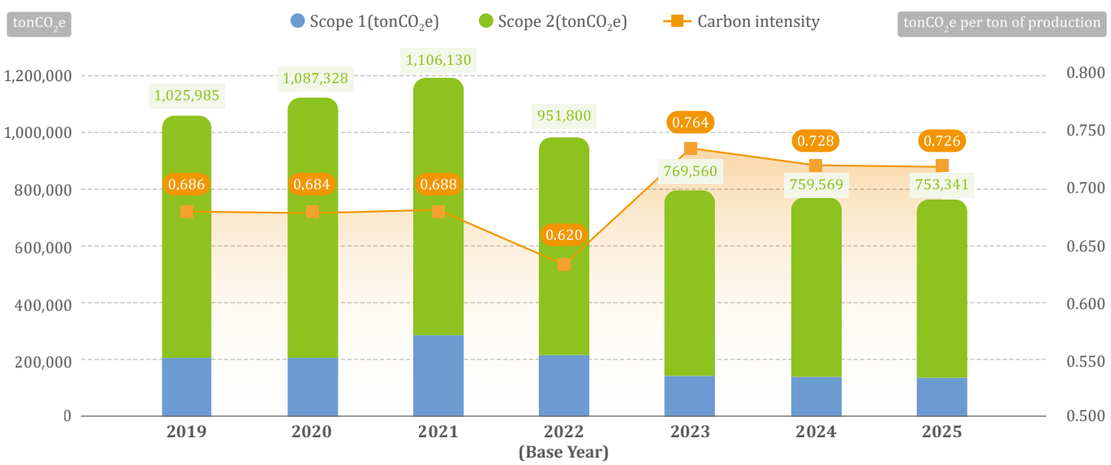
GHG Emissions Analysis





In addition to advancing GHG inventory and verification processes, LCY actively evaluates and implements energy-saving and decarbonization initiatives to reduce product carbon footprints. Considering the impact of business expansion and acquisitions on organizational boundaries, the Green Transformation Team formally submitted a proposal to the ESG Sustainability Committee in the first quarter of 2025 to revise the base year from 2019 to 2021, thereby enhancing the completeness and comparability of emissions data. The Group Chairman also approved the enhancement of its 2030 GHG emissions reduction target to 42%. In the first quarter of 2025, the board formally approved the base year recalculation and the enhanced emissions reduction target, designating them as key performance indicators for ongoing monitoring. These initiatives are important steps toward LCY's long-term goal of achieving net-zero emissions by 2050.

Category	Metrics	2025 Target	2025 Achievements	Short-term: 2026 Targets	Mid-term: 2027 Targets	Long-term: 2030 Targets
GHG Emissions	Reduction of GHG emissions compared to the base year (2021)	32%	32% Achieved	34%	36%	42%



		2019	2020	2021 (Base Year)	2022	2023	2024	2025
Performance Materials BU	Dashe Plant	96,634	91,161	90,392	80,963	67,028	64,474	53,651
	Xiaogang Plant	158,343	156,346	173,025	100,867	77,931	95,831	97,967
	Huizhou Plant	290,904	361,407	322,165	306,454	311,124	300,423	284,935
	AR Plant	40,485	34,060	34,431	32,961	34,254	34,126	31,704
	US Plant	55,543	59,868	58,354	52,898	51,055	57,379	55,986
Interconnect Solutions	Copper Foil Plant	68,963	67,389	69,560	61,589	58,857	52,008	51,260
Electronics Materials	Linyuan Plant	59,068	60,771	73,810	77,554	67,376	59,694	70,434
	CTSP Branch	-	-	-	83	428	3,577	8,399
	Zhenjiang Plant	116,809	112,198	120,796	116,557	16,558	13,609	15,816
Industrial Solutions BU	Kaohsiung Plant	136,954	123,168	127,231	90,047	81,705	75,470	80,399
Biosciences & Nutrition Solutions BU	Sarnia Plant	-	18,254	33,757	29,128	631	796	630
Other Functional Units	Taipei Headquarters	320	299	276	277	274	294	282
	Nanzih R&D center	1,050	1,416	1,412	1,530	1,805	1,784	1,866
	Qianzhen Logistics Center	912	991	920	892	533	105	12
Scope 1 (tCO_2e)		199,623	199,267	227,116	208,415	137,035	134,817	130,491
Scope 2 (Market-based emissions) (tCO_2e)		826,361	888,061	879,013	743,385	632,525	627,907	622,849
Scope 2 (Location-based emissions) (tCO_2e)		826,361	888,061	879,013	743,385	634,398	629,825	627,553
Total (tCO_2e)		1,025,985	1,087,328	1,106,130	951,800	769,560	759,569	753,341
Carbon intensity (tCO_2e per ton of production)		0.686	0.684	0.688	0.620	0.764	0.728	0.726

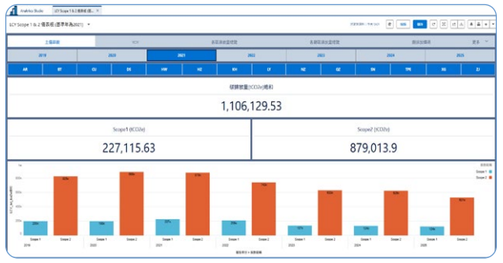
Note:

1. The total carbon emissions include Scope 1 and Scope 2 GHG emissions from LCY's operations in Taiwan, China, the United States, and Canada. Scope 2 emissions are calculated using the market-based method. GHG types covered include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride ($SF6$), and nitrogen trifluoride ($NF3$).
2. Carbon intensity = total carbon emissions (Scope 1+Scope 2) / total production (tons).
3. Emission factor data sources for Taiwan: The Ministry of Environment (MOENV)'s Greenhouse Gas Emission Factor Table (6.0.4) and the electricity emission factor released by the MOEA Energy Administration in 2024. For the Zhenjiang Plant, data was based on the Announcement on the Release of 2023 Electricity Carbon Footprint Factor Data (Ministry of Ecology and Environment, PRC). For the Huizhou and AR Plants, calculations followed the 2023 National Average Electricity Emission Factor (Ministry of Ecology and Environment, PRC). For the U.S. Baytown Plant, the latest electricity emission factors announced by the U.S. EPA (2025 GHG Emission Factors Hub, eGRID: ERCT) were applied.
4. The emissions from each location are aggregated using the operational control approach. Taiwan plants (Kaohsiung Plant, Xiaogang Plant, Copper Foil Plant, Linyuan Plant, Dashe Plant, and CTSP Branch) and locations in China (Zhenjiang Plant, Huizhou Plant, and AR Plant) adhere to ISO 14064-1:2018, referencing the Global Warming Potential (GWP) values from the IPCC 2021 Sixth Assessment Report. The emissions data are certified by third-party verification. The R&D Center, Kaohsiung Terminal Station, Taipei Office, and Sarnia Plant conduct self-inventories under ISO 14064-1:2018. The U.S. plant conducts self-inventories per local regulatory requirements, applying GWPs from the IPCC Fifth Assessment Report (2014).
5. The carbon base year has been adjusted from 2019 to 2021, reflecting a key milestone in LCY's expansion to overseas operations.
6. The 2024 GHG emissions data for the Copper Foil Plant, Central Taiwan Science Park (CTSP) Plant, Taipei Headquarters, Nanzih Plant (R&D Center), and Qianzhen Logistics Center have been recalculated using the 2024 electricity emission factor announced by the Energy Administration, Ministry of Economic Affairs (previously calculated using the 2023 emission factor). As a result, the disclosed figures have been adjusted from those reported in the previous edition of the 2024 ESG Report. This adjustment solely reflects the update of emission factors and does not involve any changes to the calculation methodology.

LCY Carbon Management System

LCY has established a digital ESG platform to systematically track carbon emissions across all plants, monitor emission trends, and drive carbon reduction initiatives. The platform consolidates greenhouse gas (GHG) inventory data from each site, covering fuel types, electricity, steam, process gases, and refrigerants, and combines emission factors with activity data to precisely calculate emissions by unit. Each production plant conducts annual third-party verification of its GHG inventories to ensure that reported emissions accurately reflect actual conditions.

In preparation for the government's planned implementation of a carbon fee in 2025, LCY's Taiwan facilities are simultaneously planning energy-saving and carbon-reduction measures and applying for voluntary reduction programs. In addition, LCY intends to introduce an internal carbon pricing mechanism between 2026 and 2027, adopting a "shadow pricing" model to assess the impact of carbon emissions on operating costs and the benefits of reduction. This mechanism will serve as a reference for investment evaluations, risk management, and long-term strategic planning.



Promotion, Management, and Training for Product Carbon Footprint Inventories

In response to global climate change and corporate carbon reduction responsibilities, LCY actively promotes product life cycle assessments (LCA) and carbon footprint inventories, covering emissions from raw material extraction to the manufacturing stage (including on-site waste treatment). In 2025, LCY completed carbon footprint verification for 68% of major products and plans to expand coverage to overseas facilities in subsequent years, along with setting audit frequency, review processes, and update mechanisms. To enhance the efficiency and accessibility of carbon footprint assessments, LCY will introduce SimaPro, a life cycle assessment software, in 2025, enabling site managers to conduct queries and operations. Training programs will also be provided to strengthen the practical skills and expertise of internal staff in carrying out product carbon footprint inventories.

Taking Action: Successful Case Studies for Reducing Carbon Emissions and Energy Use

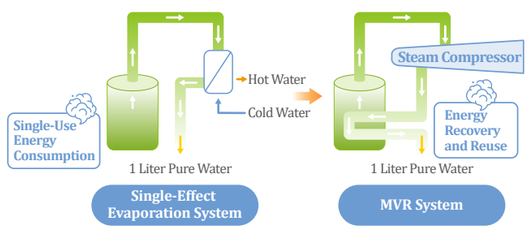
Heat Integration — Kaohsiung Plant

Description

The PE plant installed a Mechanical Vapor Recompression (MVR) system

In the PE production process, large amounts of steam are required for dewatering. Previously, a traditional single-effect crystallization evaporator was used, which resulted in significant energy waste. The MVR system compresses and recirculates the process fluid as a refrigerant, reusing the latent heat from the secondary steam generated during the evaporation and concentration process as the heating source. This reduces reliance on external steam during evaporation and concentration.

- **Annual Steam Conserved: 27,720 tons**
- **Annual Carbon Reduction: 4,923 tonCO2e (Scope 2)**



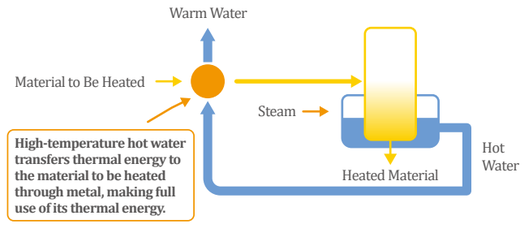
Heat Integration — Kaohsiung Plant

Description

Using steam condensate from the stripper tower reboiler to preheat stripper tower feed

In the PE process, energy efficiency was improved by using steam condensate from the stripper tower reboiler to preheat the stripper tower feed. By recovering the steam condensate to raise the feed temperature, steam consumption was reduced.

- **Annual Steam Conserved: 5,971 tons**
- **Annual Carbon Reduction: 1,893 tonCO2e (Scope 2)**



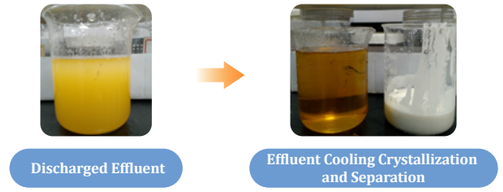
Process Optimization — Kaohsiung Plant

Description

PE plant effluent reduction and recycling

The PE plant produces approximately 10,963 tons of effluent annually. By applying cooling crystallization technology, PE and SF are recovered from the effluent, effectively reducing total discharge volume. This also decreases the amount of natural gas required for incineration. It is estimated that about 13% of wastewater resources can be recovered, resulting in both operating cost savings and reduced energy consumption.

- **Annual Steam Conserved: 1,154 tonCO2e (Scope 1)**



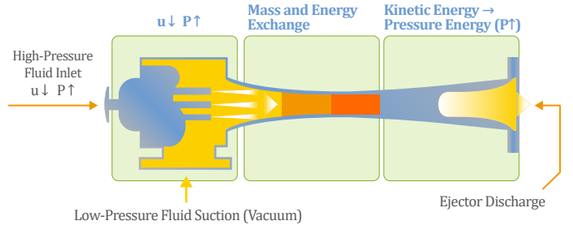
Heat Integration — Xiaogang Plant

Description

Installation of an E-jector system for secondary steam recovery

An E-jector was installed to mix high-temperature, high-pressure steam with low-pressure steam, generating steam at the required temperature and pressure for production. Compared to using a conventional pressure-reducing valve, this approach is more energy-efficient. In addition, the steam jet can draw in cold water, heat it to the required temperature, and supply it to process areas for heating and industrial water use.

- **Annual Steam Conserved: 11,328 tons**
- **Annual Carbon Reduction: 3,170 tonCO2e (Scope 2)**



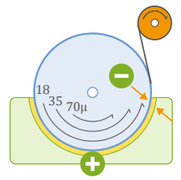
Process Optimization — The Copper Foil Plant

Description

ED Electroplating Anode-Cathode Gap Optimization

Reduced the anode-cathode gap in the ED electroplating, lowering the cell voltage and achieving measurable electricity savings.

- **Annual Electricity Conserved: 3,324,240 kWh**
- **Annual Carbon Reduction: 1,576 tonCO2e (Scope 2)**



Process Optimization — Linyuan Plant

Description

the bottom reboiler heat exchanger of the distillation column was replaced with a high-efficiency plate heat exchanger

This upgrade significantly improved heat recovery efficiency at the column bottom, reducing natural gas consumption for heating, enhancing overall process energy utilization for carbon reduction.

- **Annual Natural Gas Conserved: 691,222 m³**
- **Annual Carbon Reduction: 1,435 tonCO2e (Scope 2)**

Low-Carbon Fuel Transition — Dashe Plant

Description

Low-Carbon Transition of Steam Boiler Facilities and Environmental Resilience Enhancement

At the Dashe Plant, the steam boiler fuel system was converted from heavy oil and process gas co-firing to natural gas, significantly reducing CO_2, SOx, and NOx emissions. An SCR denitrification system was also installed to strengthen air pollution control. In addition, a backpressure steam turbine generator was introduced to recover residual energy from pressure-reducing steam, thereby improving

- **Annual Carbon Reduction: 7,012 tonCO2e (Scope 2)**
  (Verified through a DNV GHG offset project)

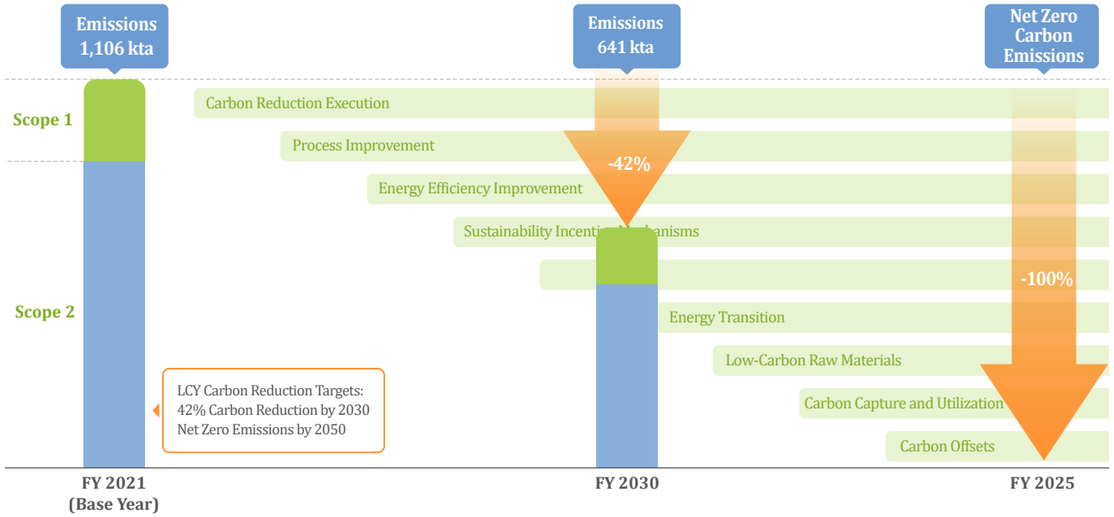
Note:

Carbon reduction benefits are estimated using the following formula: Estimated Energy Savings (activity data) × Emission Factor × GWP (Global Warming Potential)

Sources of emission factors for each energy type are as follows:

- Steam: Based on the latest emission factor announced by the steam supplier. For Kaohsiung and Xiaogang Plants, the CSC (China Steel Corporation) steam factor of 0.1985959425 tCO_2e / ton of steam is applied.
- Electricity: Taipower's 2024 published grid emission factor of 0.474 $kgCO_2e$ / kWh.
- Natural Gas: Emission factor listed in the Taiwan Ministry of Environment's Greenhouse Gas Emission Coefficient Management Table 6.0.4 version.

LCY Carbon Reduction Roadmap & Target Emissions

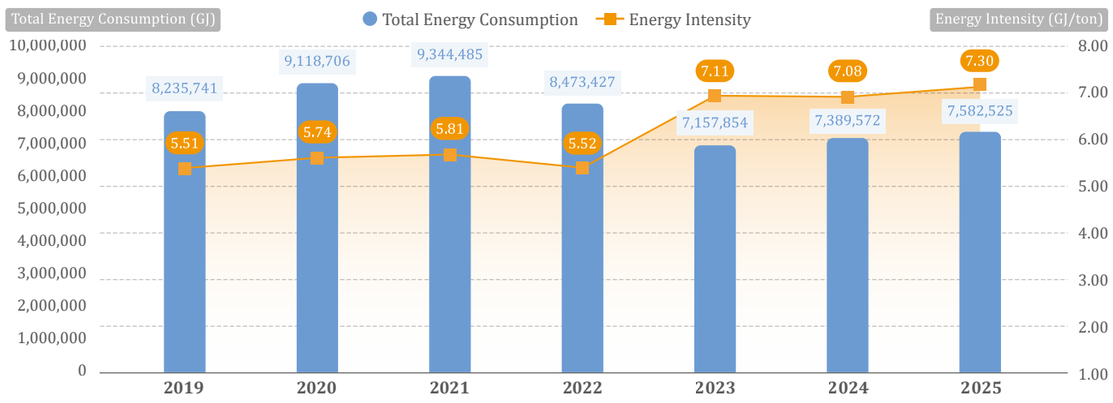


3.3.2 Energy Management

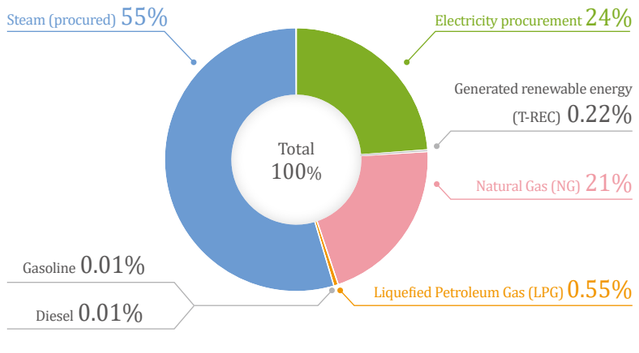
Since 2012, the Dashe Plant has served as a demonstration site for ISO 50001 Energy Management System implementation, an initiative subsequently extended to other production sites. By the end of 2025, all production plants in Taiwan and China had achieved 100% adoption and third-party certification of ISO 50001, with regular maintenance and performance reviews to ensure effective operation of the system. LCY actively promotes energy management through systematic data monitoring and cross-department collaboration mechanisms. We continuously review production processes and optimize operating parameters to enhance overall energy efficiency. Each plant also conducts regular inventories of energy-intensive equipment and identifies potential energy-saving opportunities. High-efficiency equipment and smart control systems are introduced to steadily reduce energy consumption per unit of product, moving toward the goal of high-efficiency, low-carbon sustainable operations.

In 2025, LCY's operations in Taiwan, China, the United States, and Canada consumed a total of 7,582,525 GJ of energy. Total energy consumption increased by 2.61% compared to 2024, while energy intensity increased slightly by 3.12%. Relative to the 2021 base year, total energy consumption decreased by 18.9%, but energy intensity rose by approximately 25.7%. This change occurred because while the basic level of energy required to sustain continuous operations did not significantly change, adjustments in product mix and changes in production volume resulted in a relative increase in energy intensity per unit of product. LCY's energy use is primarily composed of steam (54.7%) and electricity (23.8%). To reduce both the costs and environmental burden of self-produced steam, LCY has, since 1994, been purchasing waste steam from China Steel Corporation, pioneering industrial resource recycling. Combined with process heat integration, equipment replacement, and the introduction of energy-saving technologies, these measures have effectively improved energy efficiency, advancing LCY's low-carbon transition and long-term net-zero goals.

LCY Total Energy Consumption



LCY 2019-2025 Energy Consumption



	Type	2019	2020	2021 (Base Year)	2022	2023	2024	2025
Non-renewable Energy	Natural Gas (NG)	1,542,205	1,627,646	1,617,921	1,479,354	1,265,761	1,421,500	1,567,334
	Liquefied Petroleum Gas (LPG)	13,963	13,002	49,373	102,893	65,427	50,394	41,696
	Steam (procured)	4,588,031	5,222,464	5,367,312	4,728,518	3,905,787	3,964,143	4,146,999
	Diesel	11,328	8,281	6,782	5,260	3,802	3,415	3,384
	Gasoline	2,389	1,556	1,387	1,266	1,221	495	484
	Electricity procurement	2,077,609	2,245,450	2,301,426	2,155,848	1,901,546	1,933,736	1,806,117
Renewable Energy	Generated renewable energy (T-REC)	214	307	284	289	14,311	15,889	16,511
Total Energy Consumption		8,235,741	9,118,706	9,344,485	8,473,427	7,157,854	7,389,572	7,582,525
Energy intensity per unit of product		5.51	5.74	5.81	5.52	7.11	7.08	7.30

Note:

1. Note: Total energy consumption includes operating sites in Taiwan (Kaohsiung Plant, Xiaogang Plant, Copper Foil Plant, Linyuan Plant, Dashe Plant, CTSP Branch, R&D Center, Kaohsiung Terminal Station, Taipei Office), China (Zhenjiang Plant, Huizhou Plant, AR Plant), as well as plants in the US and Canada.
2. The base year for energy consumption has been adjusted from 2019 to 2021, reflecting LCY's milestone expansion into overseas operations.
3. Energy intensity (GJ per ton of product) = total energy consumption (GJ) / total production (tons).
4. Sources of fuel calorific values:
   The calculation of LCY's energy consumption is based on the following sources of fuel calorific values:
   For Taiwan operations, calculations are based on the 2020 Energy Statistics Handbook published by the Bureau of Energy, Ministry of Economic Affairs, and relevant announcements from the Ministry of Environment. For the three plants in mainland China, the reference is GBT 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption. For the U.S. operations, data are based on calorific values announced by the U.S. Energy Information Administration (EIA). For the Canada operations, calculations follow data released by the competent authority's Fuel Life Cycle Assessment Model.

3.3.3 Promoting Renewable Energy

In light of the global shift towards renewable energy and the policies of the Taiwan government, LCY is actively expanding renewable energy facilities and equipment. LCY implemented solar power generation equipment at both the Dashe Plant and the Nanzih R&D Center, generating 1,476 GJ and 111 GJ of energy respectively. Taiwan Renewable Energy Certificates (T-RECs) have also been obtained. In addition, in response to the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity (commonly referred to as the "Large Electricity Consumers Article" in Taiwan), the Renewable Energy Development Act, and the Regulations on Energy Users' Conservation Targets and Implementation Plans for 2025–2028, LCY's Green Transformation Team has coordinated with relevant plant units to plan and implement renewable energy usage starting in 2023, in line with statutory requirements. In 2025, green electricity accounted for approximately 1.363% of total electricity consumption, representing a 66.5-fold increase compared to the base year (2021). We are committed to mitigating the climate change impacts of energy use, aiming for renewable energy to reach 15% by 2030.

3.4 Air Quality Management

3.4.1 Air Quality Policies

LCY identifies air quality management as a key priority within its environmental management framework. It has established a cross-site and cross-business-unit management structure for air quality management. The Environmental Risk Management Department regularly conducts cross-site audits in collaboration with occupational safety and environmental protection office personnel from each plant, as well as external academic and technical experts. The audit results, current performance, and improvement measures are reported to senior management through KPI performance review meetings to ensure effective oversight and continuous improvement and strengthen pollution prevention efforts. LCY integrates AI Factory intelligent monitoring, EYE-C-GAS infrared inspection, and FTIR 24 / 7 monitoring technologies to establish a dual-dimensional monitoring and alert system covering both time and spatial dimensions. These technologies enhance the accuracy and reliability of emissions data disclosed across all sites and ensure that emissions remain compliant.

Regular monitoring and testing

Monitors and maps potential odor fingerprints along facility boundaries, integrating with AI Factory to determine source and track abnormal alerts in real time.

- Regular Monitoring: Daily self-monitoring, weekly inspections using infrared imaging by the EYE-C-GAS team, and quarterly external inspections
- Autonomous Boundary Monitoring: Self-conducted Fourier Transform Infrared (FTIR) spectroscopy monitoring across the entire site perimeter.

Emission Reduction Initiatives

Each production site implements stringent self-management measures for air pollution prevention and emissions reduction in accordance with applicable local regulations.

- Phased phased-out and replacement of equipment and components
- Optimization/installation of advanced pollution control equipment
- Management by Walking Around (MBWA)
- Regular review of emissions reduction performance

Information transparency

The company is committed to transparent and accurate disclosure of emissions data and welcomes external oversight.

Monitors legislative updates in environmental regulations and performs regulatory compliance assessments to strengthen internal management, ensuring full legal compliance

Each operational site's occupational safety and environmental protection teams are responsible for collecting relevant regulations, conducting compliance evaluations, and providing training and advocacy to ensure pollutant emissions remain within standards. Pollutant emission regulations:

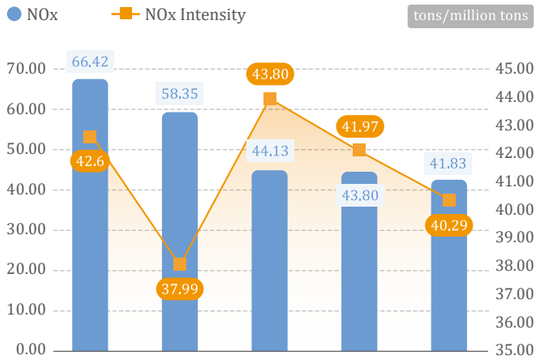
Taiwan	All plants have adopted regulatory identification and compliance procedures in accordance with the Kaohsiung-Pingtung Air Quality Total Quantity Control Plan.
China	Emissions standards are established under the Atmospheric Pollution Prevention and Control Law, mandating industrial sectors in each region to establish total emission control targets. Standards encompass particulate matter, sulfur dioxide, nitrogen oxides, and volatile organic compounds.
US	The Environmental Protection Agency (EPA) primarily establishes emission standards for industries under the Clean Air Act. These standards are designed to regulate the release of harmful substances into the atmosphere, including sulfur dioxide, nitrogen oxides, volatile organic compounds (VOCs), and particulate matter such as PM2.5 and PM10.

3.4.2 Air Pollution Reduction Measures

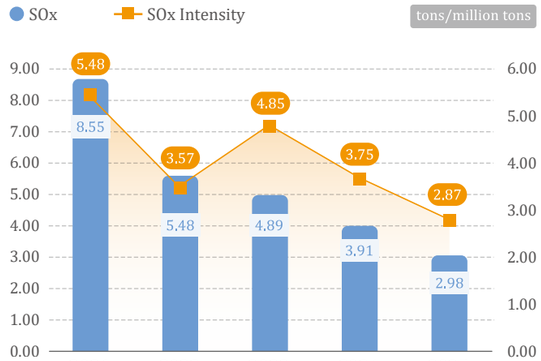
LCY continuously undertakes phased replacement of equipment parts, installation of Selective Catalytic Reduction (SCR) facilities, process equipment adjustments, and the setup of exhaust gas collection and treatment facilities to reduce VOC emissions and decrease NOx levels. Internally, we hold regular meetings to review emission data and the improvement status of each plant. We also enhance equipment inspection management and provide education and training to minimize the environmental risks and hazards posed by specific air pollutants. In 2025, NOx emissions per unit of product decreased by 4% compared with the previous year; SOx emissions decreased by 23%, and PM decreased by 7%.

For target-setting, VOC reduction has been prioritized, with Taiwan plants—where emissions are most significant—set as the focus. The strategy is to reduce VOC emissions through process optimization, source-level improvements, and upgrades to pollution control equipment. By 2030, VOC emissions from Taiwan plants are targeted to be 15% lower than the base year (2021). Due to lower overall plant utilization in 2025, VOC emissions at Taiwan facilities were also significantly reduced, reaching a 19.3% decrease compared with the base year (2021).

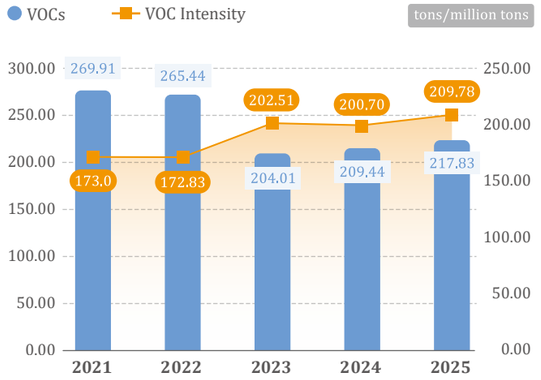
NOx Emissions & Unit Product Emissions



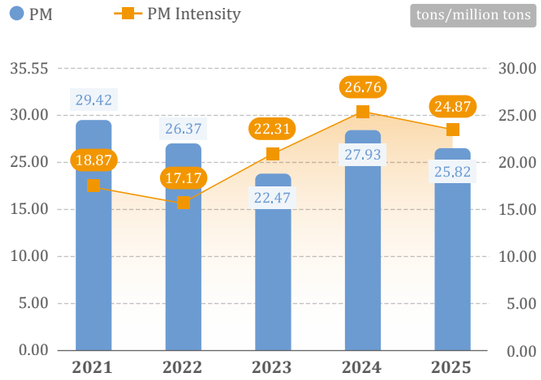
SOx Emissions & Unit Product Emissions



VOC Emissions & Unit Product Emissions



PM Emissions & Unit Product Emissions



LCY Air Pollutant Emissions Data

Country / Region		2023	2024	2025
Taiwan	NOx	23.35	21.17	21.82
	SOx	2.80	2.19	1.54
	VOCs	152.44	157.23	154.57
	PM	8.88	8.21	6.90
	HAPs	36.10	71.65	73.54
China	NOx	10.45	10.16	7.02
	SOx	1.89	1.50	1.21
	VOCs	41.89	38.59	49.56
	PM	5.17	7.45	6.42
	HAPs	-	-	-
US	NOx	10.33	12.47	13.00
	SOx	0.20	0.22	0.23
	VOCs	9.67	13.62	13.70
	PM	8.42	12.28	12.50
	HAPs	-	-	-
Canada	NOx	0	0	0
	SOx	0	0	0
	VOCs	0	0	0
	PM	0	0	0
	HAPs	-	-	-
Total	NOx	44.13	43.80	41.83
	SOx	4.89	3.91	2.98
	VOCs	204.01	209.44	217.83
	PM	22.47	27.93	25.82
	HAPs	36.10	71.65	73.54

Note 1: Beginning in 2025, air pollutant emissions are disclosed on an aggregated regional basis rather than by individual facility. This change is intended to provide more integrated and meaningful information. Historical data for 2023 and 2024 have also been recalculated using the revised reporting approach to ensure comparability across the three-year period. The underlying calculation methodology remains consistent with that used in the previous reporting year.

Note 2: Emission quantities of air pollutants at each location are calculated based on testing data, considering only production processes and not accounting for mobile sources.

Note 3: Disclosure for HAPs data from China plants and the US (Baytown) plant and the Canada (Sarnia) Plant is not required and therefore, the data is not currently disclosed.

Note 4: Emission from the Sarnia Plant was 0 due to no production in 2025.

3.5 Water Management

3.5.1 Water Policies

We have identified water resource risks in our main production locations with WRI's water assessment tool, Aqueduct Water Risk Atlas. Plants in Kaohsiung (Taiwan), Huizhou (China), AR (China), and Zhenjiang (China) are in regions of low baseline water stress; and Baytown (US) has low-to-medium baseline water stress. No LCY plants are located in regions with high or extremely high baseline water stress. In spite of this, each LCY plant continues to actively manage water resources internally and through external collaboration to mitigate the impact of potential water shortages.

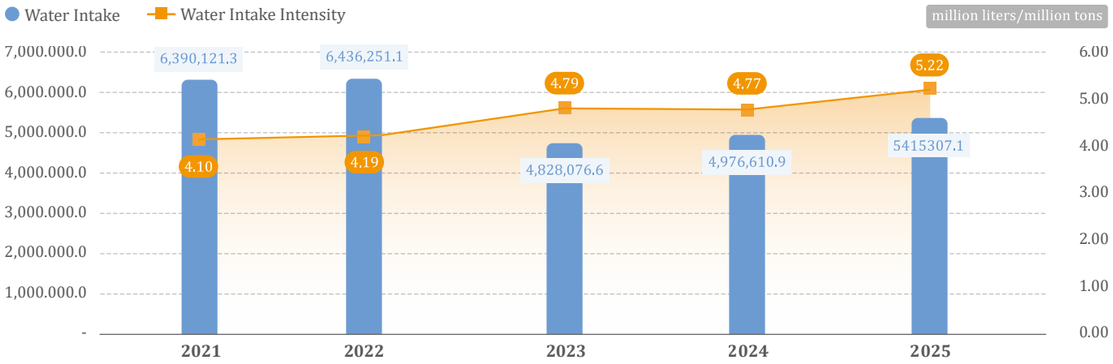
LCY Water Management

*Note 1: In 2025, 750,555 tons of reclaimed water was purchased

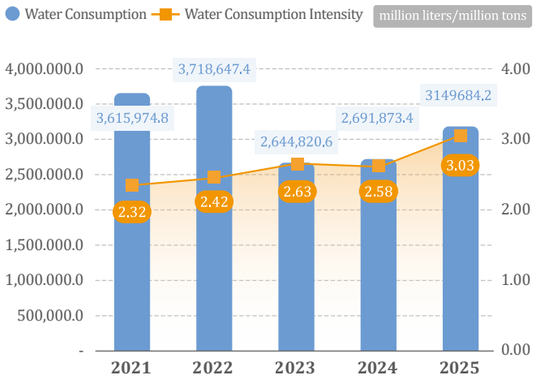
*Note 2: In Taiwan, wastewater discharges from all production sites are managed in accordance with the national Effluent Standards and any additional effluent discharge requirements applicable to the industrial parks in which the facilities are located, ensuring stringent control of wastewater quality. In China, all production sites comply with the Water Law of the People's Republic of China and the applicable Grade III wastewater discharge standards to minimize the environmental impacts of pollutant discharges. In the United States, all production sites comply with the applicable regulations of the U.S. Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ).

Water is a critical component in chemical production, used for cooling, steam generation, and raw material processing. Consequently, LCY prioritizes water resources as a key risk factor and implements proactive management measures to enhance the importance of water resource issues from governance, strategic, and technical perspectives. The governance aspect includes elevating the importance of water management and setting water conservation goals; The strategic aspect includes 1) increasing the amount of water recycled at the plants by recycling steam condensate, using MBR technology to treat wastewater at plants, and 2) installing water conservation facilities to reduce water withdrawals and working with external parties to implement a water reclamation program; and the technical aspect includes research, development, and optimization of MBR technology and other technologies that improve water use efficiency. Therefore, in-plant wastewater recycling is regarded as a key indicator. It refers to wastewater that, after treatment in the sewage treatment plant, would otherwise be discharged but is instead further filtered and reused. At LCY's Taiwan operations, wastewater recycling is carried out at the Linyuan and Kaohsiung plants, where MBR technology and additional wastewater reuse facilities have been implemented. In 2025, a total of 202,354 tons of wastewater were recycled, representing a recycling rate of 10.6%.

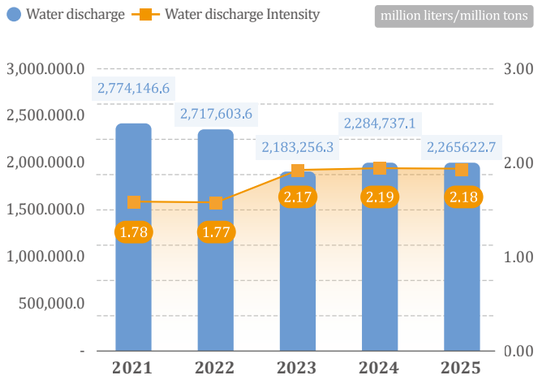
Water Intake and Unit Water Intake



Water Consumption and Unit Water Consumption



Water Discharge and Unit Water Discharge



Total Water Intake (Categorized by Source)

(Unit: million liters)

Source	2023 Water Withdrawal	2024 Water Withdrawal	2025 Water Withdrawal
Surface water	379.0	372.7	403.3
Water from third party – tap water	2238.0	2465.7	2723.6
Water from third party – purchased reclaimed water	697.2	669.7	750.6
Generated water	1430.7	1452.2	1519.5
Rainwater	83.1	16.3	18.5
Total water withdrawal	4828.1	4976.6	5415.3

Note 1: LCY's water intake does not include seawater; all water intake falls under the category of freshwater with total dissolved solids ≤ 1,000 mg / L

Note 2: Generated water output includes condensed water from externally purchased steam (calculated at 1 ton of generated water per 1 ton of steam produced) and condensed water after purification of UIPA.

Water discharge

(Unit: million liters)

		2023	2024	2025
Categorized by Destination	Surface water	216.2	223.5	253.2
	Water from third party	1967.1	2061.2	2012.4
	Groundwater			0
	Sea water			0
Freshwater or others	Freshwater (total dissolved solids ≤ 1,000 mg / L)	2183.3	2284.7	2265.6
	Others (water sales)			
Total water discharge		2183.3	2183.3	2284.7
Total water consumption		2644.8	2644.8	2691.9

Note 1: Total water consumption = total intake – total discharge

Note 2: At LCY's operating sites in Taiwan, China, the US, and Canada, all wastewater is discharged to industrial park wastewater treatment plants (third-party water), except for the US plant, which discharges to a nearby surface water body.

3.5.2 Water Conservation Measures

Reclaimed Water Project

Since 2018, LCY's Kaohsiung Plant has supported the Kaohsiung City Government Linhai Reclaimed Water Project, utilizing municipal wastewater converted for industrial use as reclaimed water. Reclaimed water is used to supplement cooling towers as circulating water. As the water is cleaner, it saves 50-100 tons of water daily from the cooling towers' discharge, amounting to approximately 18,000-36,000 tons of water saved annually.

In-plant Water Recycling

We actively implement water conservation measures and use recycled water within the plant. Through the recovery of process steam and condensate, the introduction of MBR technology in certain plants, and the installation of wastewater reuse equipment, we continuously monitor water usage and develop equipment to improve water use efficiency. For instance, since 2021, the Kaohsiung Plant has optimized wastewater treatment facilities, using SBR-treated wastewater, which, after obtaining water reuse permits, is used as scrubber water for incinerators, saving 50-100 tons of water daily, or 18,000-36,000 tons annually.

MBR Water Recycling Technology

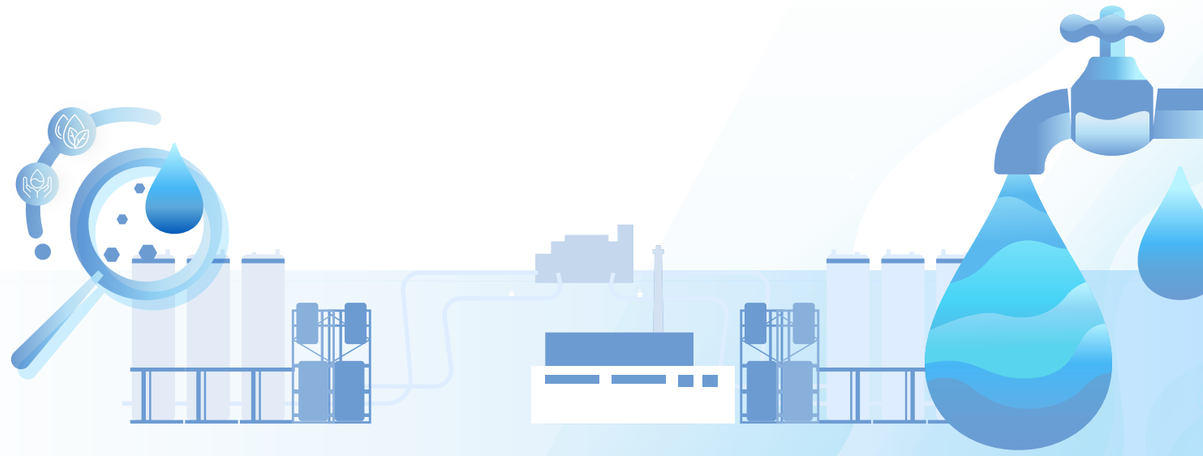
LCY developed its own "EPPA-Membrane Bioreactor (MBR)" water recycling technology. Since 2016, the Kaohsiung Plant has implemented MBR equipment to fully recycle process wastewater. Combined with big data intelligent biological treatment systems, over 90% of the plant's wastewater is successfully recycled and reused. The system can handle up to 1,000 tons of process wastewater daily. Moreover, the water quality is superior to purchased industrial water and can be used directly for various purposes, such as cooling tower make-up water and flare scrubber cleaning. Through the MBR equipment, LCY not only expands its recycled water resources but also strengthens its water supply flexibility.

3.5.3 Water Pollution Prevention Measures

Occupational safety and environmental protection teams at each plant are responsible for collecting wastewater discharge regulations, conducting compliance evaluations, and promoting adherence to these standards. Measures to prevent water pollution include continuously monitoring water quality at discharge points; developing water treatment equipment; optimizing equipment performance; and installing filter sand systems. These measures help us to effectively reduce harmful substances in the effluent, thereby improving the quality of the receiving water bodies and ensuring that wastewater discharge meets or exceeds regulatory standards. In 2025, LCY had no incidents of non-compliance with water quality discharge regulations.

Effluent Discharge Standards

Taiwan	The primary regulation is the national Effluent Standards, along with regional effluent standards specific to the industrial zones where our operations are located
Mainland China	The primary regulation is the Water Pollution Prevention and Control Law of the People's Republic of China, and LCY adheres to Class III discharge standards
US	Compliance with relevant regulations of the US's Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ)



3.6 Waste Management

3.6.1 Waste Management

Regulatory Compliance and Governance

- **Compliant storage and reporting:** Designate waste storage areas (non-hazardous/hazardous waste) in accordance with applicable regulations, and implement all required permitting and reporting procedures for waste treatment and disposal.
- **Qualified third-party waste management:** Facility department teams and Occupational Safety and Environmental Protection Office engage and oversee licensed waste transporters and treatment contractors to ensure regulatory compliance.

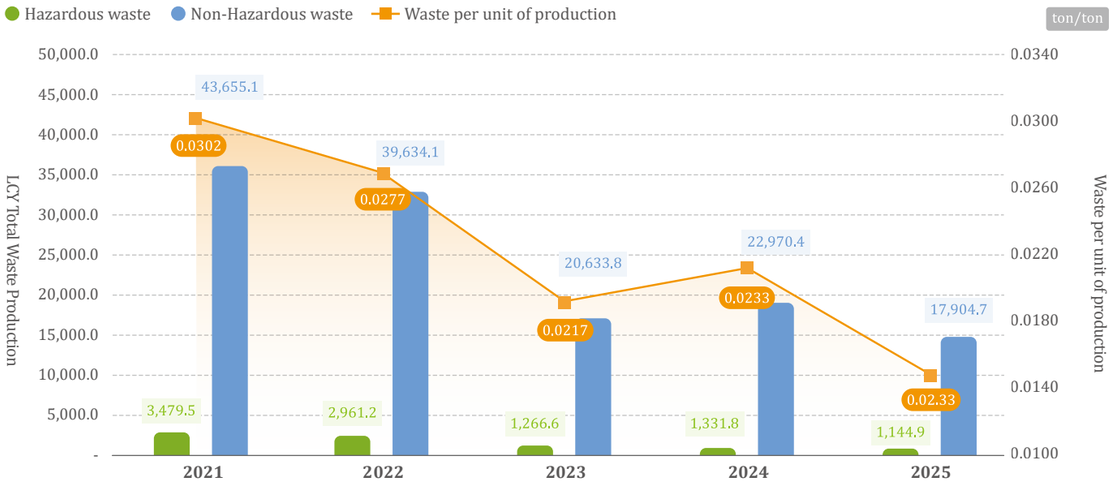
Management and Verification

- **Ongoing monitoring:** Maintain an internal waste inspection program, conduct unscheduled ride-alongs with waste transport vehicles, and perform spot checks on waste transportation and treatment activities.
- **Supplier management and on-site audits:** Conduct supplier qualification reviews and training, verify permits and licenses on-site, inspect treatment facilities, and confirm operational procedures.

Source Reduction Initiatives

- **Waste hierarchy management:** Regularly review waste management performance and implement adjustments based on the waste hierarchy: source reduction, process efficiency improvement, and reuse/recycling.
- **Maximize resource utilization:** Improve equipment performance and adopt resource recovery technologies.

In 2025, the total waste generated by the company was 19,049.6 tons, including 17,904.7 tons of general industrial waste and 1,144.9 tons of hazardous waste. A total of 307.54 metric tons of hazardous waste was treated by licensed recycling organizations, representing 26.86% of the total.



	2021	2022	2023	2024	2025
Hazardous waste	3,479.5	2,961.2	1,266.6	1,331.8	1,144.9
Non-Hazardous waste	43,655.1	39,634.1	20,633.8	22,970.4	17,904.7
Waste per unit of production	0.0302	0.0277	0.0217	0.0233	0.0183

Note 1: In the Kaohsiung Plant, where waste can be processed internally, the data is calculated based on the declared figures with the completion date of waste processing. All other plants outsource waste management, and therefore, calculations are based on the declared data with the waste removal date.

Waste Recycling and Treatment Methods

Unit: Metric ton

Category	2023		2024		2025	
	Hazardous waste	Non-Hazardous waste	Hazardous waste	Non-Hazardous waste	Hazardous waste	Non-Hazardous waste
Recycling or Reuse (Off-site Treatment)	0.00	1689.27	0.00	4371.73	0.00	799.83
Contract Recycling / Reuse Facilities (Off-site Treatment)	361.31	0.00	306.42	0.00	307.54	0.00

Waste Disposal Methods and Treatment Methods

Unit: Metric ton

Category	2023		2024		2025	
	Hazardous waste	Non-Hazardous waste	Hazardous waste	Non-Hazardous waste	Hazardous waste	Non-Hazardous waste
Incineration (On-site Treatment)	0.00	17652.97	0.00	16965.89	0.00	15065.10
Incineration (Off-site Treatment)	544.66	1053.27	687.94	1279.26	542.28	604.93
Landfill (Off-site Treatment)	8.64	704.98	1.27	709.65	14.56	520.64
Other Disposal Methods (Off-site Treatment)	352.03	586.59	336.12	923.16	280.48	914.20

Note: Other disposal methods include thermal treatment, solidification treatment, physical treatment, chemical treatment, and other applicable treatment processes.

100%

75% return rate
100% retention rate after parental leave.

Promoting Social Prosperity

- Occupational Safety & Health
- Labor/Management Relations
- Talent attraction and retention
- Talent Cultivation & Development

We regard Talent and Safety as the cornerstone of sustainable growth and business continuity for both enterprise and society. Therefore, we strive to provide robust and competitive compensation and benefit packages, including leave entitlements that exceed the regulatory requirements under the Labor Standards Act, group insurance, employee stock/trust programs, comprehensive health screenings and diverse club activities. We maintain zero-tolerance stance on discrimination and are committed to fostering a workplace built on mutual respect and trust. We are happy to share our operational success with our colleagues; through incentive-driven, performance-based compensation structures, we empower all employees to reach their full potential while cultivating a thrive, positive, and inclusive working environment.

Achievements

Category	Indicator	2025 Achievements
Occupational Safety & Health	Implement Employee Health Management	1. In 2025, for employees across our operational sites in Taiwan and China, on-site occupational nurses or occupational safety and health (OSH) personnel continuously followed up on, monitored, and provide care for individuals identified as high risk through general and special health examinations. 2. The company-funded insurance coverage rate for all employees across all global operational sites reached 100% Additionally, preferential voluntary insurance schemes are offered for employees and their dependents, extending comprehensive coverage from individuals to families and overseas assignments.
	Promoting Employee Physical and Mental Well-being	To safeguard and promote the physical and mental well-being of its employees, LCY has implemented an Employee Assistance Program (EAP) and conducted two mental health-related workshops covering sleep management, stress relief, and workplace communication. Additionally, monthly educational materials were distributed to raise mental health awareness, and a 24/7 counseling hotline was provided to ensure employees have access to timely professional support.
Talent attraction and retention	Increase Employee Satisfaction	1. In 2024, LCY conducted an employee engagement survey assessing employees' sense of belonging, organizational pride, engagement level, willingness to recommend the Company, and confidence in future career development, with 75% of employees reporting high level of agreement / engagement. 2. The next employee engagement survey is slated to be launched in 2026. (Note: Conducted once every two years)
Talent Cultivation & Development	Strengthen Corporate Competitiveness	In 2025, LCY launched a talent review project, establishing clear operational guidelines to enhance internal alignment and communication while integrating organizational resources to assist business units to executing and finalizing the talent review process. Moving forward, the company will continue to refine employee development programs and expand their scope based on gained experience, thereby reinforcing the overall talent development framework.
Employee Rights, Diversity and Inclusion	Fostering an Inclusive and Equitable Culture	1. LCY upholds to principles of gender, racial, and background neutrality in the design and execution of its compensation, benefits, promotion, and incentive systems, strictly prohibiting any form of discriminatory treatment. We view all employees as key talent driving the organization's sustainable development and remain committed to fostering a fair and equitable workplace. 2. In talent development and career progression, LCY actively champions growth opportunities for diverse talents and establishes gender-equal, inclusive pathways for advancement to achieve true workplace inclusion.
Community Relations	Strengthening stakeholder Engagement	Actively participated in exchange through the Taiwan Chemical Industry Association (TCIA), trade associations, and net-zero seminars / consultative meetings to enhance public awareness and understanding of sustainable development in the materials industry.
	Building innovative Circular Econamy Ecosystem	Fostered connections with global industry talent by sponsoring the Bowei Research Conference (BRC)

Goals & Targets

Topic	Goals & Targets	Short-term (2026)	Medium-term (by 2028)	Long-term (by 2032)
Talent Development and Cultivating an Inclusive Culture	Enhancing Employee Satisfaction and Engagement	Identify key areas for improvement based on previous employee engagement survey results and implement the targeted enhancement initiatives.	Establish an engagement issue tracking and improvement mechanism to continuously enhance employee experience and foster greater workforce involvement and commitment.	Integrate employee engagement into organizational governance and talent strategies, advance data-driven insights and application, and continuously enhance organizational cohesion and employee retention.
	Enhance Employee Workplace Performance	Optimize existing employee mental health support mechanisms (including EAP, training courses, and counseling resources) while strengthening internal communication and employee awareness.	Roll out tailored mental health promotion initiatives based on employee's feedback (e.g., stress management workshops and wellness activities) to steadily increase utilization and adoption of available support resources.	Establish a comprehensive employee mental health management framework, continuously refine support measures, and embed a culture of psychological well-being across the entire organization.
	Strengthen Corporate competitiveness	Optimize the talent review mechanism across key business units (BUs) and increase succession readiness rate for managerial positions to 50%.	Increase succession readiness rate for managerial positions in key BUs to 70%, and expand talent review processes to other BUs and functional departments in alignment with group's strategic development needs.	Increase succession readiness rate for managerial positions across all Group entities to 80%.
	Strengthening a Culture of Equality and Inclusion	In all compensation and benefits policies—including promotions, benefits, and bonus allocations—LCY does not differentiate or discriminate based on gender, race or background, recognizing all talents as essential driver of our sustainable growth and business continuity.	In our compensation and benefits policies—including promotions, benefits, and bonus allocations—LCY does not differentiate or discriminate based on gender, race or background, recognizing all talents as essential driver of our sustainable growth and business continuity.	In our compensation and benefits policies—including promotions, benefits, and bonus allocations—LCY does not differentiate or discriminate based on gender, race or background, recognizing all talent as essential driver ofour sustainable growth and business continuity.

4.1 Human Rights Policy and Commitment

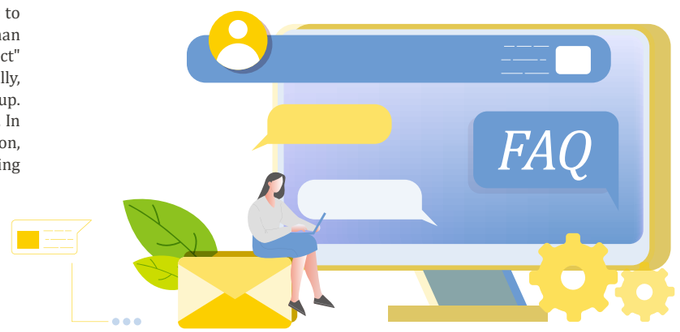
LCY places paramount importance on safeguarding the fundamental human rights of all employees. The company formally published its Human Rights Policy in early 2022 and launched dedicated training through its "Trust and Respect" workshops to reinforce human rights awareness across the organization. Additionally, dedicated employee communication channels (gm@lcygroup.com) are in place to ensure a safe, accessible, and transparent grievance and feedback mechanism. In 2025, there were zero major human rights violations or incidents concerning discrimination, infringement upon freedom of association and collective bargaining rights, child labor, or forced or compulsory labor.

Human Rights Management Mechanisms and Implementation Actions

Respecting Workplace Human Rights	• We provide equal employment opportunities and promote an inclusive, diverse work environment. All employment practice—including recruitment, training and development, compensation and benefits, retirement, severance, resignations, and termination—are conducted without discriminate based on race, social class, language, religion, political affiliation, place of origin, gender, sexual orientation, age, marital status, or any other protected characteristics. • We champion workplace diversity by ensuring non-discriminatory treatment regardless of races, social classes, languages, religions, political affiliations, birthplace, gender, sexual orientation, age, marital status, physical or mental disability, or blood type. Furthermore, we strictly prohibit all human rights violations including forced labor, child labor, or human trafficking. • Our Work Rules explicitly prohibited the employment of individuals under the age of 15; across all company offices and manufacturing facilities, no child labor under the age of 16 is employed. • LCY has signed a Diversity, Equity, and Inclusion (DEI) declaration, demonstrating our full alignment with international human rights standards and our adherence to the core conventions of the United Nations and the International Labour Organization (ILO). We reaffirm our commitment to cultivating a diverse talent environment and fostering a safe, healthy, and supportive workplace. This commitment extends beyond philosophy into every facet of recruitment, training, development, and day-to-day operations, ensuring human rights are upheld to drive sustainable organizational growth. Through these actions, we actively fulfill our corporate social responsibility while building a equitable and inclusive culture where all employees can work with peace of mind, realize their full potential, and thrive together with the company.
Designing Equitable Compensation & Benefit Policies	• We strictly comply with regulations regarding wages and working hours while optimizing compensation structures based on principles of equity. We clearly establish the relative positions and value of each role within the organization, ensuring that pay differentials reflect variation in professional competencies, duties and responsibilities rather than demographic factors.
Fostering a Safe, Healthy & Thriving Workplace	• We build and maintain a safe and healthy workplace environment, collaboratively mitigate occupational health and safety (OSH) risks, promote employee physical and mental well-being, and support work-life balance. • In our Code of Conduct and Regulation for Prevention and Treatment of Sexual Harassment, we explicitly state our zero tolerance for discrimination, harassment, bullying, or any forms of workplace violence. • We prioritize maternal health protection by offering paid parental and parental leave entitlements that exceed regulatory requirements under the Labor Standards Act, as well as dedicated parking space for expectant mothers.
Respecting Freedom of Association	• We encourage employees to establish and participate in club activities, provide diverse and open communication channels, and regularly convene Labor-Management Conference and Employee Representative Assemblies to cultivate harmonious labor relations and foster positive employee–management partnerships.

Human Rights Training & Communication

In early 2022, LCY published its Human Rights Policies to employees across all operational sites. Concurrently, human rights training was incorporated into the "Trust and Respect" workshops to reinforce human rights principles. Additionally, a dedicated employee communication mailbox (gm@lcygroup.com) is in place for colleagues to voice feedback or concerns. In 2025, zero incidents were recorded regarding discrimination, violations of freedom of association and collective bargaining rights, child labor, or forced or compulsory labor.



4.2 Employee Demographics & Management

Employees are the drivers for continuous corporate growth and the cornerstone of sustainable development. LCY treats all employees solely based on their functions, and our hiring policies honor equality and diversity. In 2025, the company employed a total of 1,835 employees, with full-time employees accounting for 99% and temporary employees accounting for 1%. Due to the nature of our industry, male employees outnumber female employees, with male employees accounting for 81% and female employees accounting for 19%. LCY's workforce is distributed across Taiwan (68.2%), Mainland China (26.4%), and the United States and Canada (5.4%). In 2025, there were 179 new full-time hires and 172 full-time employee departures. Contract employees primarily include temporary agency workers, outsourced personnel (e.g., security / cleaning service personnel / factory drivers), interns, part-time employees, and long-term contract workers. The reported figures are compiled using the average monthly headcount of non-employee personnel at LCY's operations in Taiwan and China during the reporting period. In 2025, a total of 1,602 contract workers entered and worked at LCY's facilities across Taiwan and China. In addition, 44 temporary agency workers were employed (17 at the Linyuan Plant and 27 at the Taipei Headquarters). Compared with the previous reporting period (2024), the number and composition of employees and contract employees remained largely unchanged. Minor changes in headcount reflected normal recruitment and employee turnover, with no material changes to the company's operating scale or workforce structure.

Information on Employees by Region and Contract Type

Employment Contract	Region	Non-Management (General Staff)		Management	Total
		Technical / Production Staff	General Staff		
Permanent	Taiwan	610	451	169	1,230
	China	220	222	39	481
	US & Canada	15	62	23	100
Temporary Employees	Taiwan	1	19	1	21
	China	0	3	0	3
	US & Canada	0	0	0	0

Note 1: Technical / Production staff refers to technical engineers and shift supervisors at manufacturing sites.
Note 2: General staff refers broadly to personnel other than technical / production staff and management.
Note 3: Management encompasses personnel at or above the level of Section Chief and Group Leader
Note 4: Temporary employees include fixed-term contract employees and consultants.

Employment Contract	Region	Full-time Employees	Part-time Employees	Non-Guaranteed Hours Employees	Total
Permanent	Taiwan	1,230	0	0	1,230
	China	481	0	0	481
	US & Canada	98	2	0	100
Temporary Employees	Taiwan	3	18	0	21
	China	3	0	0	3
	US & Canada	0	0	0	0

Note 1: Full-time employees refer to those whose weekly working hours meet or exceed statutory requirements.
Note 2: Part-time Employees refer to those whose weekly working hour are below statutory requirements.

By gender & age

Region	2025		Age			Total (ppl)
			≤30 years old	31-50 years old	≥51 years old	
Taiwan	Permanent	Male	46	722	229	997
		Female	26	155	52	233
	Temporary Employees	Male	1	1	12	14
		Female	3	1	3	7
China	Permanent	Male	97	288	17	402
		Female	13	65	1	79
	Temporary Employees	Male	0	0	0	0
		Female	0	1	2	3
US & Canada	Permanent	Male	8	38	27	73
		Female	2	10	15	27
	Temporary Employees	Male	0	0	0	0
		Female	0	0	0	0
Total			196	1,281	358	1,835
Percentage			10.7%	69.8%	19.5%	100%

Composition of New Employees in 2025

Unit: ppl

Age	Region	Male	Female	Total
≤30 years old	Taiwan	33	13	46
	China	10	0	10
	US & Canada	0	0	0
31-50 years old	Taiwan	82	24	106
	China	2	1	3
	US & Canada	5	0	5
≥51 years old	Taiwan	7	2	9
	China	0	0	0
	US & Canada	0	0	0
Total		139	40	179
New Employees (%)		7.6%	2.2%	9.8%

Note 1: New Employees (%) = Number of New Employees / Total Number of Employees.

Composition of Turnovers in 2025

Unit: ppl

Age	Region	Male	Female	Total
≤30 years old	Taiwan	16	4	20
	China	12	1	13
	US & Canada	0	0	0
31-50 years old	Taiwan	72	18	90
	China	6	1	7
	US & Canada	2	2	4
≥51 years old	Taiwan	26	4	30
	China	2	0	2
	US & Canada	4	2	6
Total		140	32	172
Turnover Rate		7.6%	1.7%	9.4%

Note 1: Turnover Rate (%) = Number of Employee Turnovers / Total Number of Employees.
Note 2: Employee turnover excludes those whose contracts expired, internal transfers within LCY, and employees on unpaid leave.

Preface 01 Strong Sustainable Governance 02 Leading Circular Innovation 03 Green Operations: Leading Low-Carbon Transition 04 Promoting Social Prosperity Appendix LCY 李長榮

4.3 Employee Well-being and Benefits

LCY Group regards "talent" and "safety" as the fundamental cornerstones of sustainable development for both the enterprise and society. Guided by this vision, LCY has established a competitive and inclusive human resources framework offering comprehensive compensation and benefits packages. These include leave entitlements that exceed statutory requirements, group insurance, employee stock / trust ownership plans, health screening, and diverse club activities, holistically enhancing employee well-being and organizational resilience. In 2025, the Group's total expenditure on employee compensation and benefits amounted to NT$2,863,030 thousand (approximately NT$2.863 billion).

4.3.1 Compensation Policy and Governance Framework

Upholding the philosophy of sharing operational achievements with employees, LCY has established an incentive-driven, performance-based compensation structure that empowers employees to unleash their professional value while driving overall business performance. The company also strictly adheres to non-discrimination principles and is dedicated to fostering a respectful, diverse, and trusted workplace. The design of compensation system comprehensively incorporates market salary benchmarks, the corporate operational performance, and job responsibilities. Furthermore, regular review and adjustments are conducted in response macroeconomic conditions, industry trends, and regulatory changes, to ensure internal equity and external competitiveness.

Market-Competitive Compensation Structure

LCY conducts annual reviews of its compensation competitiveness. Through participation in domestic and international salary benchmark surveys, the company tracks compensation dynamics across peer organizations and diverse regional markets, while analyzing key factor including regulations and consumer price index (CPI) Proposed adjustments packages are reviewed and approved by executive management before implementation, ensuring that compensation policies across domestic and overseas operational sites maintain both externally market competitive and internally equity, thereby continuously attracting and retaining key talent while supporting business continuity.

Regarding stakeholder communication across management, employees, and external partners, LCY has established a Remuneration Committee under the Securities and Exchange Act. Composed of three independent directors, the Committee is tasked with overseeing the objective and fairness of the compensation determination process. Managerial compensation packages are deliberated by the Remuneration Committee and submitted to the Board for final approval, with complete disclosure in the annual report. Additionally, LCY regularly convenes Labor-Management Conference and utilizes employee satisfaction surveys to collect feedback regarding overall compensation, incentive mechanisms, and welfare measures. All inquiries and suggestions are addressed promptly and formally documented to reinforce the internal pay equity and the incentive effectiveness.

Unit: NTD

Total Payroll	2025	2024	2023	2022
Average	1,277,988	1,146,459	1,108,738	1,139,047
Median	1,174,870	1,036,221	980,485	1,004,435

Note: Table covers all full-time employees in Taiwan, excluding those at the director level and above. Only employees who were employed for the entire year are included in the statistics.

Remuneration Policy for Senior Management and the Highest Governance Body

To ensure a competitive remuneration system aligned with LCY's long-term performance and sustainability goals, the company has established a comprehensive remuneration framework for the highest governance body and senior management, which includes the following components:

Category	Applicable?
Fixed Salary and Performance-based Bonus	Y
Signing Bonus and Referral Bonus	Y
Severance Pay	Y
Clawback Mechanism	Y
Retirement Benefits	Y

Note: This remuneration policy is regularly reviewed by the remuneration team to ensure alignment with industry benchmarks and incorporates corporate performance, sustainability governance outcomes, and risk management performance.

Ratio of Highest-Paid Individual to Median Employee Compensation

LCY values fairness and transparency in remuneration and discloses the ratio of the highest-paid individual to the median compensation of all employees as a reference indicator for evaluating the reasonableness of the overall pay structure. The figures are as follows:

Year	Percentage
2025	13.9
2024	12.3
2023	12.6

Compared to 2024, this ratio increased by approximately 12.8% in 2025 (12.3 to 13.9), reflecting the performance-based compensation policy.

Note: Data on compensation includes fixed salary for the full year, performance-based bonuses, and other remuneration. The data has been disclosed and calculated in accordance with GRI 2-21.

Annual Compensation Change across Senior Management and Median Employee Compensation

Category	Rate of Increase
Highest Annual Compensation	27.9
Median Annual Compensation	13.4

In 2025, the highest annual compensation increase for senior management was 27.9%, which was higher than the median employee compensation increase rate of 13.4%. The ratio between the two was 2.08. LCY's compensation policy aims to balance internal equity with external market competitiveness. In 2025, the rate at which the highest level of compensation increased exceeded that of the median employee's, primarily reflecting the link between executives' performance and the company's operating results. At the same time, the company continued to enhance employee compensation through its annual salary review process, resulting in steady growth in median employee pay. This approach helps ensure that employee compensation grows alongside the company's long-term success.

Supporting Employees with Robust Financial Plans & Practices

To ensure our employees' lifelong financial security, LCY established the Employee Benefit and Savings Committee, where employees can opt in and contribute a portion of their monthly income into their personal trust account, which will be partially matched by LCY as well. This initiative encourages long-term savings and wealth accumulation, aiming to ensure a secure and stress-free retirement. In 2025, up to 90% of employees at Taiwan operations opted into the program.

LCY Investing Sustainably in Employee Welfare Trusts and Partnering with Employees to Create a Worry-Free Retirement

2025 Employee Participation Rate » 90%

Since 2006

STAFF

Voluntary Employee Contributions

To help employees build lifelong financial wellness, employees are offered the option to participate in the company trust. Employees can choose whether to contribute a portion of their monthly salary to the trust account in accordance with regulations, and adjust the contribution rate according to their needs.

LCY

Company Matching Incentives

The company also contributes a monthly matching incentive at a set percentage for participating employees, continuously encouraging and supporting them in developing concepts of long-term savings and financial investment.

BANK

Management by Third-Party Financial Institutions

Trust funds contributed from employee salaries and company matching incentives are deposited monthly into trust accounts managed by third-party financial institutions, enhancing asset protection while safeguarding and fulfilling employee welfare and care.

4.3.2 Employee Health & Safety

Employee Welfare Committee & Diverse Activities and Subsidies

To care for our employees, the Employee Welfare Committee gifts holiday vouchers during the three major festivals (Lunar New Year, Dragon Boat Festival, and Mid-autumn Festival); birthday vouchers for employee birthdays; and subsidies for gatherings, childbirth, marriage, travel, language learning, retirement, injuries and diseases, bereavement, and children education. In addition, the Employee Welfare Committee sponsors club activities and provides welfare packages.

Flexible Work Hours & Better-than-Regulation Leave System

We are committed to upholding and protecting our employees' vacation rights. We care about our employees' physical and mental well-being, and offer paid leave that surpasses the requirements of the Labor Standards Act, including maternity leave, sick leave, flexible make-up leave, and family leave. Additionally, we institute partial flexible working hours to help employees avoid peak traffic times, reducing stress and the likelihood of accidents.

Taiwan Operation Sites

Maternity and Miscarriage Leave	• Exceeding statutory standards: Female employees with less than 6 months of service are entitled to fully paid maternity leave, on par with employees who have complete more than 6 months of services. • Female employees experiencing a miscarriage between two and three months of pregnancy are granted one-week paid maternity leave. • Female employees experiencing a miscarriage at less than 2 months of pregnancy are granted five days of paid miscarriage leave, supporting the physical and emotional recovery of female colleagues following childbirth or pregnancy loss.
Sick Leave	• Up to 80 hours of paid hospitalization / surgical sick leave per year is provided colleagues requiring surgery and inpatient care, ensuring sufficient time for recovery and rehabilitation.
Flexible Leave and Makeup Days Exemption	• Employees enjoyed paid typhoon leave and are exempt from attending official make-up workdays for adjusted bridge holidays, providing paid leave entitlement that exceed statutory standards.
Family Leave	• Employees on continuous overseas business assignments lasting 30 consecutive days or more are granted paid family leave, allowing them dedicated quality time with their families upon return.

Supporting Childbirth and Parenting: Safeguarding Employee Rights and Supporting Workplace Reintegration

Among employees taking or eligible for parental leave during 2024–2025, the return-to-work rate in 2025 reached 75%, and the retention rate for employees who returned in 2024 was 100%.

Employment Contract	Total		
	Female	Male	Total
Employees entitled to parental leave in 2025 (a)	17	88	105
Employees who took parental leave in 2025 (b)	2	2	4
Employees due to return to work in the reporting period (2025) after parental leave ended(c)	3	1	4
Employees who actually returned to work in the reporting period (2025) (d)	3	0	3
Return-to-work rate (d / c)	100%	0%	75%
Employees who returned to work in the previous reporting period (2024) (e)	8	3	11
Employees who returned to work from parental leave in the previous reporting leave (2024) and were still employed 12 months later (f)	8	3	11
Retention rate (f / e)	100%	100%	100%

Note: In accordance with local regulations in the United State (e.g., FMLA) and Canada, employees with at least one year of service are entitled to paid maternity leave (for female employees) as well as up to 12 weeks of family and medical care leave (covering family care, childcare, and personal medical needs cumulatively). Because the legal definitions, eligibility scope, and tracking methodologies for parental leave in North America differ from statutory frameworks in Taiwan and China, data for the US and are excluded from the statistical calculations above.

Notification of Operational Changes and Employee Support

LCY is committed to protecting employee rights and maintaining positive labor relations. In the event of significant operational changes, such as organizational restructuring, business transformation, production line adjustments, or other developments that may materially affect employees' terms of employment, the company ensures compliance with applicable labor laws and regulations in each jurisdiction where it operates. Affected employees are notified within the legally required notice period to ensure they have sufficient time and information to prepare for the changes.

Before implementing material changes, the company communicates with employees through internal announcements, manager-led discussions, cross-functional coordination, and employee consultation processes where appropriate. These communications explain the reasons for the changes, their potential impact, and the planned arrangements. The company also engages with employee representatives or relevant stakeholders, as appropriate, to minimize the impact on employees and maintain stable, constructive labor relations.

LCY prioritizes internal transfers, job reassignment, and placement in other suitable positions for employees affected by organizational changes whenever possible. Employees are provided with the necessary training and transition support to help them adapt to new roles and further their careers. If involuntary terminations are unavoidable, LCY complies with all applicable legal requirements and provides employees with access to public employment services and external career transition resources. These measures are intended to support reemployment and job matching opportunities while minimizing the impact of employment separation on affected employees.

Comprehensive Group & Business Travel Insurance, Extending Coverage to Family and Overseas

LCY provides a wide range of insurance coverages for all employees, including term life insurance, critical illness insurance, accident insurance, occupational injury insurance, accident and health insurance, and hospitalization insurance. This coverage extends to hospitalization insurance for employees' spouses and children, with the addition of fully company-funded cancer insurance for employees. Additionally, we offer business travel insurance to enhance the protection for employees on business trips and international assignments. We also provide optional insurance plans for employees and their families at a discounted rate, extending the coverage beyond the individual to include family members and overseas protection, ensuring comprehensive coverage.

Safe and Low-Carbon Commuting Initiatives

LCY supports safe and sustainable commuting by providing free shuttle services between operational sites and nearby MRT stations, as well as transportation subsidies for employees using public transit such as buses, trains, and MRT services. These initiatives help reduce the risk of motorcycle-related accidents and associated carbon emissions, as well as support the company's commitment to environmental sustainability.

4.4 Diverse Recruitment and Training

4.4.1 Talent Cultivation

LCY is committed to building a sustainable talent strategy that strengthens long-term competitiveness by attracting top talent and optimizing its organizational structure. Through comprehensive and equitable human resources policies, the company provides diverse and inclusive employment opportunities while continuously enhancing its compensation and benefits programs to improve employee well-being and organizational attractiveness. Meanwhile, LCY also upholds principles of gender equality and non-discrimination, ensuring fairness and diversity throughout its recruitment, employment, and promotion processes. It is LCY's goal to create an inclusive and supportive environment that provides equal opportunities.

LCY's talent development program focuses on systematic capability building and long-term career development. The company has established a comprehensive training framework for talent and continuously invests in learning and development resources. These efforts aim to strengthen employees' professional capabilities and enhance organizational resilience. LCY integrates its core values—"Safety & Health, Accountability, Co-Creation, Kaizen, and Integrity"—into its training programs and management practices. This embeds sustainability principles into employees' daily activities and decision-making processes.

Through these initiatives, LCY recognizes employees as both key stakeholders and essential partners in advancing sustainable growth. The company enhances its organizational capabilities, expands its social impact, and continues to create long-term value by strengthening human capital and fostering an aligned corporate culture.

Commitment	• Establish fair, transparent, and rigorous internal and external talent selection mechanisms, closely aligning talent development strategies with corporate sustainability goals to ensure equity and consistency across the hiring process. • Uphold gender equality and Diversity, Equity, and Inclusion (DEI) principles in compliance with applicable regulations, safeguarding equal opportunities across recruitment, employment, and promotion, while supporting employees' career progression and long-term development through diverse training programs.
Policy	• Anchor talent acquisition and appointment in our core corporate values— Safety & Health, Integrity, Accountability, Co-creation, and Kaizen— ensuring seamless alignment between organizational culture and engagement. • Build a systematic, well-rounded training framework encompassing onboarding and on-the-job professional development to help employees assimilate corporate culture, enhance professional competencies, and reinforce organizational cohesion and shared purpose.
Communication Channels	• Establish muti-tiered, institutionalized labor-management communication mechanisms, convening Labor-Management Conferences (at least quarterly at each operating site) and providing open communication platforms for employees to engage in two-way dialogue on labor-management cooperation, working condition improvements, and employee benefits, thereby fostering harmonious labor relations. • Provide dedicated grievance and feedback channels (Employee Communication Mailbox: gm@lcygroup.com) offering a safe and accessible mechanism that encourages constructive input and suggestions to continuously refine organizational governance and workplace environment.

4.4.2 Talent Cultivation Measures

Operational expansion means that LCY is facing rapidly growing human resource needs. Therefore, LCY has established a comprehensive education and training framework to meet our development goals. This framework includes proper orientation training, professional training, management training at all levels, environmental safety training, and courses on corporate philosophy. Training is delivered through both in-person sessions and e-learning platforms, providing employees with well-rounded development opportunities. This ensures that every employee can continually enhance their professional skills, find a platform to showcase their abilities and work with the company to build medium- and long-term competency and career development plans. In 2025, LCY offered over 20,000 training hours, with an average of 18.71 hours of training per employee. Additionally, 100% of all permanent employees underwent performance reviews.

Average Hours of Training in 2025 by Gender and Employee Category

Category	Non-Management)		Management	Total Hour	Average Hours per Employee
	Technical / Production Staff	General Staff			
Female	1,081	4,510	1,585	7,175	21.88
Male	10,184	10,104	5,433	25,721	17.99
Total Hours	11,265	14,614	7,017	32,896	18.71
Average Hours per Employee	12.42	23.01	32.49	18.71	

Note 1: Technical / Production staff refer to technical engineers and shift supervisors at manufacturing sites.
Note 2: General staff refers broadly to personnel other than technical / production staff and management.
Note 3: Management encompass personnel at or above the level of Section Chief and Group Leader.

Regular Performance Reviews by Employee Category and Region

Permanent Employees	Non- Management)		Management	Total
	Technical / Production Staff	General Staff		
Taiwan	610	451	169	1,230
China	220	222	39	481
US & Canada	15	62	23	100
Total	845	735	231	1,811
Percentage	46.66%	40.59%	12.76%	100%

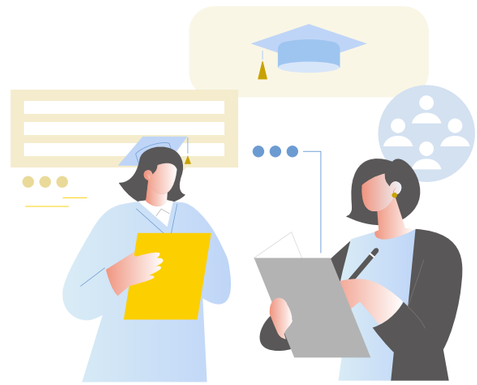
Note 1: Performance reviews are conducted exclusively for permanent employees and do not include temporary employees.
Note 2: Technical / Production staff refers to technical engineers and shift supervisors at manufacturing sites.
Note 3: General staff refers broadly to personnel other than technical / production staff and management.
Note 4: Management encompassed personnel at or above the level of Section Chief and Group Leader.

Campus Engagement & Youth Programs

In addition to developing internal talent, LCY actively engages with universities and establishes long-term partnerships with higher education institutions. Through diverse collaboration and outreach activities, LCY seeks to inspire and cultivate next-generation talent while creating broader value and social impact.

Industry-Academia Collaboration

Through campus recruitment activities, LCY invites senior executives, R&D teams, and engineering teams to introduce the company and engage with students through interactive Q&A sessions. These activities help students gain a deeper understanding of the company's culture and business directions. LCY also actively participates in applied academic research by collaborating with universities and research institutions to leverage their R&D capabilities and cultivate R&D talent. These efforts further enhance product value creation and management effectiveness.



Employee Referral Program

To expand talent acquisition channels and improve recruitment quality, LCY has established an employee referral program that encourages employees to recommend qualified candidates. After candidates are reviewed by the recruitment team and officially hired, referring employees receive a referral bonus of NT$5,000 in the month following the new hire's onboarding. This initiative enhances recruitment efficiency and accelerates talent matching.

Talent Cultivation

LCY is committed to talent development and enhancing employee capabilities. Based on its core competency and leadership competency frameworks, LCY has established a structured, multi-level talent development system with tailored training programs and learning resources. For new hires and general employees, training focuses on strengthening core competencies, including safety and health, integrity, accountability, kaizen, and value creation. Frontline managers develop capabilities in goal management, work coaching, and team leadership. Mid-level managers focus on talent development, cross-functional collaboration, and organizational communication. Senior executives receive training focused on strategy, change management, innovation integration, and organizational development. In addition to internal training programs, the company provides a variety of learning resources, including external training programs, professional forums and seminars, and AI-powered learning tools. These resources are based on business development strategies and job-specific needs. These initiatives help employees continuously enhance their professional capabilities.

Talent Development, Upskilling, and Career Growth

LCY has established a comprehensive and systematic talent management and career development framework to strengthen talent sustainability and organizational succession capabilities. Through its Talent Management and Development Plan, the company identifies high-potential and key talent, develops tailored development programs based on management levels, tracks employee development progress, and builds a talent pipeline. These efforts enhance long-term organizational resilience and support sustainable talent development.

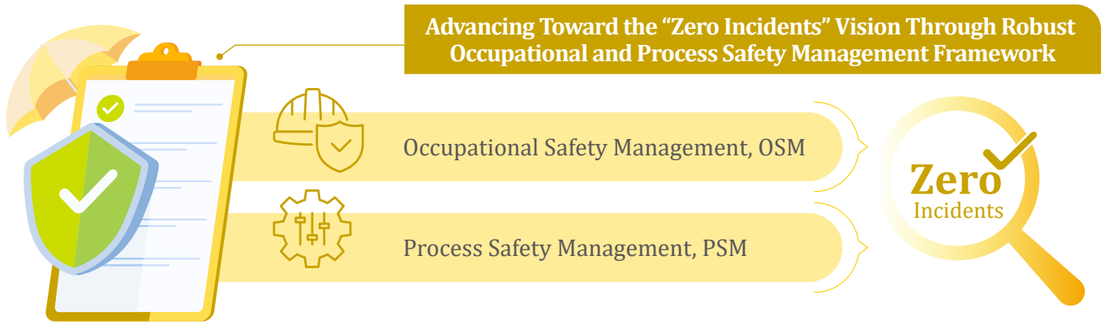
In addition, LCY continues to promote employee upskilling and capability transformation through training programs, cross-functional learning, professional development courses, and rotation opportunities. These initiatives help employees adapt to evolving industry trends, digital transformation, and organizational development needs while enhancing their professional capabilities and career competitiveness. The company provides appropriate role transition assessments, training resources, and career development support to help employees affected by role adjustments, organizational changes, or evolving business needs successfully transition into new positions and responsibilities.

4.5 Occupational Safety

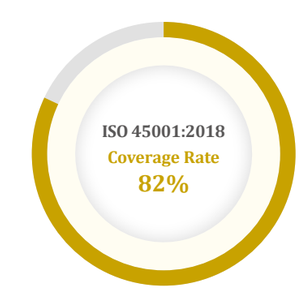
4.5.1 Occupational Safety Management

Safety is our foundation license to operate and the cornerstone of sustainable development.

LCY Group prioritizes the health and safety to all employees. In accordance with applicable regulations and internal policies, the Group has established an Occupational Safety and Health (OSH) management system implemented across all operating sites and coordinated by dedicated units. Structurally, this framework integrates Occupational Safety Management (OSM) and Process Safety Management (PSM) systems, continuously reinforcing operational safety and health risks control through systematic risk identification and mitigation mechanisms. With the core management objective of reducing occupational accident risks and the long-term vision of "Zero Incidents", we are committed to fostering a safe, healthy, and inclusive workplace that safeguards employee well-being and ensures business continuity. Recognizing that inherent operational and environmental risks persist in practice, we continuously control and mitigate these risks through rigorous system reviews and continuous improvement mechanisms.



LCY has established Occupational Safety and Health Management Systems (OSHMS) across all operating sites in Taiwan and China, fully adopting the ISO 45001 Standard with third-party certification. In accordance with local regulatory requirements, the Baytown plant (US) Sarnia plant (Canada) have established management regulations and standard operating procedures, implementing rigorous internal and external audit mechanisms to ensure the effectiveness of OHS performance and operational resilience.



Note The Baytown plant (US) and the Sarnia plant (Canada) have established occupational health and safety management systems in accordance with local regulations

Note Excludes the Taipei Office, Central Taiwan Science Park (CTSP) Plant, and Qianzhen Terminal

Comprehensive Safety Safeguard

On-site Operations

- **Cultivate a robust safety culture:** Routine safety awareness campaigns, training programs, and behavioral safety audits
- **Drive a continuous improvement culture:** Transparent reporting, psychological safety, and systematic corrective and preventive actions (CAPA) rather than assigning individual blame.

Continuous Improvement: No-Blame Culture

Commuting and Off-Site Safety

- Commuting safety initiatives
- Defensive driving awareness campaigns
- Plant shuttle bus services and public transit subsidies
- Flexible work arrangements: Staggered working hours for non-operational staff to avoid peak-hour traffic

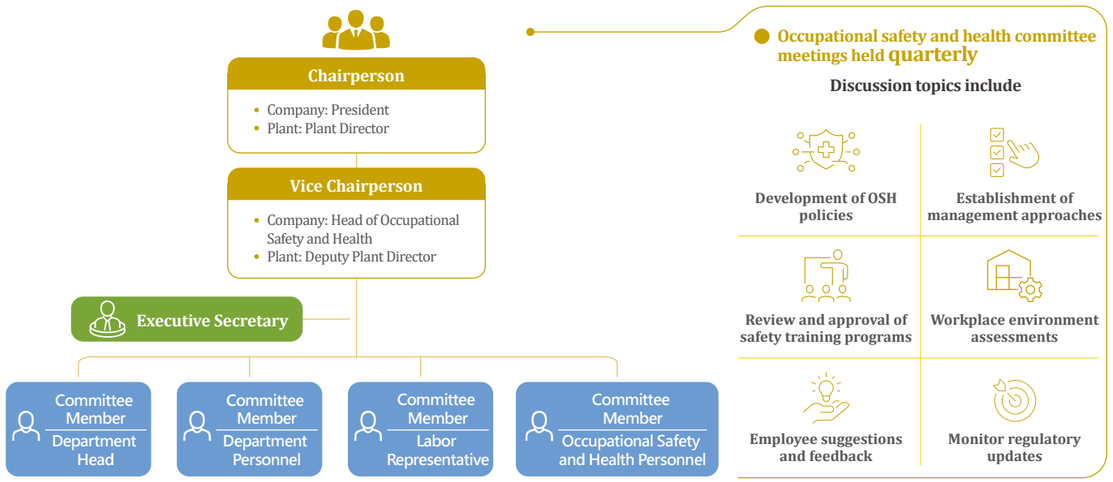
Through the operation of our Occupational Health and Safety (OSH) management system, LCY continuous strengthen safety awareness and fosters a culture of continuous improvement, embodying "Safety and Health" as our core values. From 2023 to 2025, zero significant OSH non-compliance incidents were recorded (defined as a single fine of NT$300,000 or greater), demonstrating the tangible effectiveness of our safety governance mechanism.

Looking ahead, the company will continuously refine management frameworks and execution mechanisms, advancing toward our target of "Zero Non-Compliance Every Year." Nevertheless, recognizing ongoing uncertainties arising from regulations shifts and operational risks, we remain dedicated to mitigating the potential compliance exposure through robust internal controls and systematic procedure optimization.

(1) Safety Governance Structure and Executive Engagement Mechanisms

In accordance with applicable regulations, the company has established the Occupational Safety and Health Committee across all operating sites in Taiwan. Meanwhile, in China and the US, operating sites have established safety management meeting mechanisms compliant with local legal requirements. Convened at least quarterly, these meetings feature joint participation from both labor and management, the worker representation strictly complying with regulatory quotas to ensure meaningful employee participation and consultation. To strengthen senior management oversight and accountability, LCY convenes a monthly executive EHS meeting chaired by the Chairman, the CEO, and heads of respective Business Units. During these sessions, site managers and the ERM & Sustainability Department conduct performance reviews and prioritize actionable follow-ups on safety and health initiatives across all operational sites. Through systematic reviews and cross-level governance mechanism, OSH risks are promptly identified and effectively mitigated, driving continuous improvement in overall management performance.

Occupational Safety and Health Organization Chart

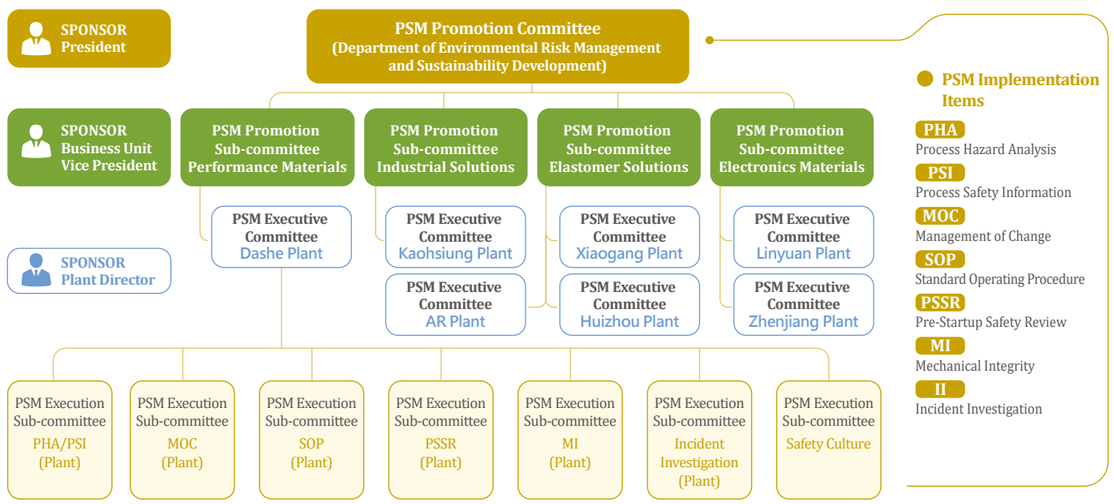


Taiwan operating sites	Have established Occupational Safety and Health Committees in accordance with regulatory requirements, with 64 labor representatives accounting for 53% of committee members.
China and US operating sites	Safety management meetings at China and US operating sites are attended by both labor and management representatives.

(2) Process Safety Management System (PSM) and Implementation Mechanism

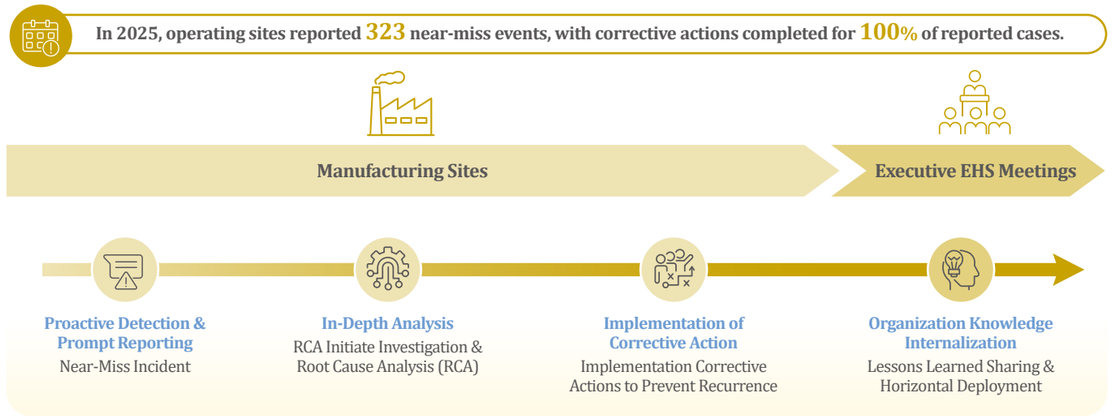
To continue strengthening the depth and breadth of Process Safety Management (PSM), LCY builds upon the Line Management systems of respective operating units. The ERM & Sustainability Department spearheads the establishment of PSM Promotion Committee, while manufacturing plants under respective BUs establish an execution committee tailored to their operational needs, Creating a cohesive top-down governance structure. Through a cross-functional matrix staffing model, LCY has implemented a modular PSM sub-group management system that facilitates the routine operation of dedicated subcommittees. By embedding safety requirements into daily plant operations, this framework effectively integrates existing management processes to boost operational efficiency and risk mitigation capabilities. Each PSM subcommittee convenes quarterly to review and track critical safety priorities, continuously refining management mechanism to progressively build a comprehensive process safety framework.

Organization Chart for PSM Promotion



Management System and Implementation Mechanism for Significant Near Misses and Process Safety Events

The company reviews and improves near-miss events with potential safety risks to enhance risk awareness and reinforce a proactive safety culture. In 2025, operating sites reported 323 near-miss events, with corrective actions completed for 100% of reported cases.



LCY also adopts the classification standards for Process Safety Events (PSE) established by the International Council of Chemical Associations (ICCA). All incidents classified as Tier 2 or above are formally included in the company's overall safety performance indicators and are used to evaluate the effectiveness of process risk control.

In 2025, LCY recorded 3 process safety events, all classified as chemical release incidents, with zero personnel injuries. In accordance with company procedures, through investigations and root cause analyses were completed for all incidents, and all corresponding corrective and preventive actions have been fully implemented alongside reinforced on-site safety safeguards to mitigate recurrence risks. LCY will continue to deepen its risk management capabilities and enhance the maturity and resilience of its overall process safety governanace through institutionalized incident feedback and organizational learning mechanisms.

Process Safety Metrics	
Tier 1 Process Safety Incident Count (PSIC)	0
Tier 1 Process Safety Total Incident Rate (PSTIR)	0
Tier 2 Process Safety Incident Count (PSIC)	3
Tier 2 Process Safety Total Incident Rate (PSTIR)	0.153
Process Safety Incident Severity Rate (PSISR)	0.061

Note 1: Process Safety Management primarily covers production locations and excludes non-manufacturing facilities such as our Taipei Office, R&D Center, and Qianzhen Terminal Station.

Note 2: Process Safety Events are defined in accordance with Tier 1 criteria specified in ANSI / API RP 754.

Note 3: Process Safety Incidents Count (PSIC) encompasses events meeting all four of the following criteria: (1) process-related; (2) it meets any of the following threshold consequences: chemical release exceeding the minimum reporting quantity; a releasing in a fatalities or lost-time injury to employees, contractors, or inpatient hospitalization of third parties (non-employees or contractors); an officially declared community evacuation or shelter-in-place; or a fire / explosions resulting in direct costs of ≥US$25,000 to the company; (3) the incident occurs within production, distribution, storage, utility, or pilot plant / laboratory facilities; (4) An acute release exceeds the applicable threshold Quantity (TQ) within any one-hour period.

Note 4: Process Safety Total Incident Rate (PSTIR) = Total Process Safety Incident Count (PSIC) x [200,000 working hours] / Number of hours worked. In 2025, total working hours worked by employees and contractors amounted to 3,908,423 hours. Process Safety Management primarily governs production sites, working hours from non-manufacturing entities (Taipei Office, R&D Center, and Qianzhen Terminal Station) were not separately deducted from the total denominator.

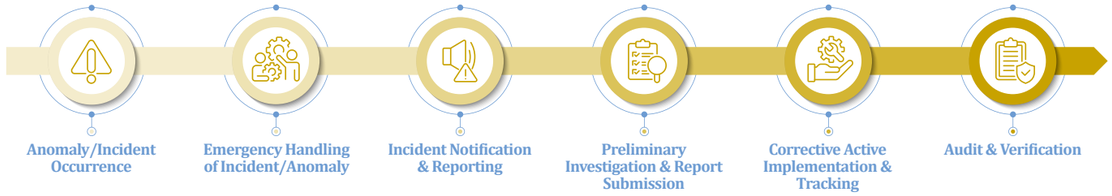
Note 5: Process Safety Incident Severity Rate (PSISR) = (Total Severity Score of Process Safety Incidents x 200,000) / Total Hours Worked by Employees. In 2025, the total hour worked by for employees and contractors were 3,908,423 hours, with an annual total severity score of 1.2 working hours from non-manufacturing entities (Taipei Office, R&D Center, and Qianzhen Terminal Station) were not separately deducted from the calculation.

Incident Reporting and Investigation Mechanism

In accordance with the Incident Investigation & Reporting Guideline, LCY has established clear protocols for responding to occupational hazards or potential danger. When such situations are identified, on-site personnel or department supervisors may suspend operations as necessary to ensure the safety of personnel and equipment. Subsequently, the incident must be promptly logged into the system by completing an "Inspection & Corrective Action Report," which initiates the process for formal incident reporting and subsequent follow-up.

All incidents are reviewed and investigated in accordance with established procedures. Through root cause analysis, LCY systematically identifies underlying deficiencies and management gaps, and develops targeted corrective and preventive actions accordingly. Improvement actions are monitored through follow-up mechanisms to ensure effective implementation and prevent recurrence. Through a structured approach to incident reporting, investigation, and continuous improvement, LCY continues to enhance risk identification and emergency response capabilities, strengthen OSH management effectiveness, and maintain a safe and reliable operating environment.

Incident Investigation Process



Occupational Health and Safety Hazard Identification and Risk Assessment Process

To effectively identify and manage potential occupational hazards in production operations, each plant conducts regular hazard identification and risk assessments based on the nature of their processes and actual working environments. The assessments cover potential physical hazards (e.g., noise, vibration, heat, radiation) and chemical hazards (e.g., hazardous substances, gas leaks, corrosive materials) that may arise during daily operations, along with the potential risks of occupational diseases they could cause. Based on the identified risks, LCY implements appropriate control measures in accordance with the hierarchy of controls. These measures include engineering controls, improvements to operating procedures, the provision of personal protective equipment (PPE), and employee training to reduce risks to an acceptable level. These practices are integrated into the company's management system and are continuously reviewed and enhanced to ensure timely and effective risk management.

This systematic risk management process underpins LCY's safety and health management framework. In addition to reinforcing a preventive approach to safety management, it supports the continuous improvement of safety and health performance and helps maintain a safe and resilient workplace.

Occupational Health and Safety Risk Management Process

(3) Occupational Health and Safety Training

To enhance workplace safety awareness and operational competencies among employees and contractors, LCY offers structured occupational health and safety (OHS) training programs tailored to various job types and risk levels. Training covers a wide range of topics including general safety education, hazard identification, special equipment operation, and chemical management, ensuring that all personnel are equipped with the necessary skills for risk identification and emergency response.

In 2025, employees completed a total of 34,156 hours of OHS training, while contractors completed 12,167 hours. Training courses are regularly updated based on regulatory requirements and operational needs, supplemented by hands-on drills and regular assessments to ensure that learning outcomes are effectively applied in day-to-day operations for better risk control. LCY will continue to perfect our training system to cover more workers and topics. We will seek to strive for full participation and collaborative contractor management to continue building a highly sensitive safety culture that is upheld at all levels.

Annual Occupational Health and Safety Training Hours	Training Hours in 2023 (Hr)	Training Hours in 2024 (Hr)	Training Hours in 2025 (Hr)
Employees	44,923	38,775	34,156
Contractors	7,174	10,764	12,167

(4) Emergency Preparedness, Response Drills, and Capability Building

To strengthen emergency preparedness and reinforce a preventive approach to safety management, the company conducts regular emergency response drills across all operating sites in accordance with applicable regulations and its annual EHS plan. These drills cover a range of emergency scenarios and are designed to ensure that incidents can be managed quickly, effectively, and in an orderly manner. LCY aims to protect personnel and minimize the risk of escalation and potential operational disruption.

The company collaborates with industry peers and neighboring facilities to establish regional mutual aid and resource-sharing mechanisms based on the specific risk profile and surroundings of each operating site. These mechanisms enhance cross-organizational coordination and emergency response capabilities. Emergency drills cover various scenarios, including fire response, chemical spill containment, emergency notification and site control, emergency shutdown procedures, personnel evacuation and headcount verification, and casualty rescue and medical evacuation. Senior management oversees and participates in these exercises to ensure their quality and effectiveness. Additionally, LCY provides ongoing training on how to use fire extinguishers and fire hydrants. LCY also conducts live-fire drills in collaboration with local fire departments. These initiatives strengthen employees' initial emergency response capabilities, increase awareness of personal safety, and improve the effectiveness of on-site responses.

In 2025, LCY's operating sites conducted a total of 156 emergency response drills. Following each drill, a review was conducted to evaluate notification timeliness, command organization, emergency response coordination, on-site response, and resource allocation. Identified gaps were tracked through corrective actions, and the findings were used to update emergency response procedures and training programs. Where necessary, drill records and improvement outcomes were also submitted to the relevant regulatory authorities for review, ensuring compliance with applicable requirements while continuously strengthening LCY's emergency response capabilities.

(5) Work-related Injuries and Corrective Measures

In 2025, 8 work-related injuries were reported across global operating sites: 6 involving employees and 2 involving non-employees (including temp workers, security staff, and outsourced contractors). Analysis of occupational injury cases indicates that the most common incident types included pinch injuries during equipment maintenance, slips and falls during operations, contact with equipment, and abrasions or pinch injuries resulting from equipment malfunctions. These incidents primarily represent routine physical hazards associated with manufacturing operations.

All occupational injuries are reported, investigated, and managed in accordance with the company's Incident Investigation & Reporting Guideline. Through root cause analysis, LCY identifies the underlying risk factors for each incident and incorporates the findings into risk mitigation initiatives and safety training programs. These insights are also used to strengthen engineering controls, improve operational safeguards, and reinforce employee training to help prevent similar incidents from recurring.

LCY also continues to promote safety awareness through regular safety campaigns and the sharing of incident case studies, helping employees and contractors strengthen their ability to identify potential hazards and foster a proactive safety mindset. In addition, the company integrates risk hotspot analysis with a Behavior-Based Safety (BBS) mechanism to reinforce preventive risk management through both systematic controls and practical training. Together, these efforts support the continuous enhancement of safety performance and advance the LCY's long-term goal of achieving zero incidents and zero occupational injuries.

Severity of Work-related Injuries		2023		2024		2025	
		Employees	Contract Employees	Employees	Contract Employees	Employees	Contract Employees
Work-related Injuries	No. of People	8	3	4	2	6	2
	Percentage	0.439	0.628	0.23	0.372	0.348	0.366
Work-related Ill Health	No. of People	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0
Fatalities	No. of People	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0
Total No. of Hours Worked (Hours)		3,640,560	955,216	3,477,616	1,074,929	3,445,773	1,091,752

Note 1: Data mainly derived from monthly reports of work-related injuries
Note 2: Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury × [200,000 working hours] / Number of hours worked
Note 3: Rate of recordable work-related injuries = Number of recordable work-related injuries × [200,000 working hours] / Number of hours worked
Note 4: Serious occupational injury rate (the affected individual is unable, or is unlikely, to recover to their pre-injury health status within six months) = number of serious occupational injuries (excluding fatalities) × 1,000,000 / total hours worked
Note 5: Rate of work-related ill health = Number of work-related ill health × [200,000 working hours] / Number of hours worked; [Work-related ill health are those that arise from exposure to hazards at work and requires a medical diagnosis]
Contract employees include temp workers, part-time workers, security, cleaning services, equipment maintenance, long-term contractors, etc.

(6) Transportation Safety Management and Audit Mechanism

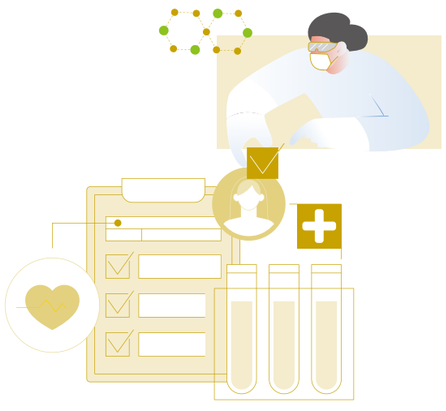
LCY values safety risks and controls throughout the transportation process and has, therefore, developed a robust internal / external management system to ensure the safety and compliance of raw material and product transportation. Externally, the Procurement and Transportation Department manages, reviews, and regularly audits transportation contractors to ensure they are in compliance with related regulations and LCY's transportation safety standards. Internally, each plant's safety and facility management teams are responsible for daily and routine inspections, including safety patrols of loading docks, oversight of transportation processes, and emergency drills.

In 2025, there were no major transportation incidents, indicating that our overall transportation risk and management measures are effective in preventing risks to personnel, the environment, and property throughout transportation processes. For more information on transportation contractor management systems and assessment standards, please refer to Section 1.6.2 on Supplier Management Procedures in this report.

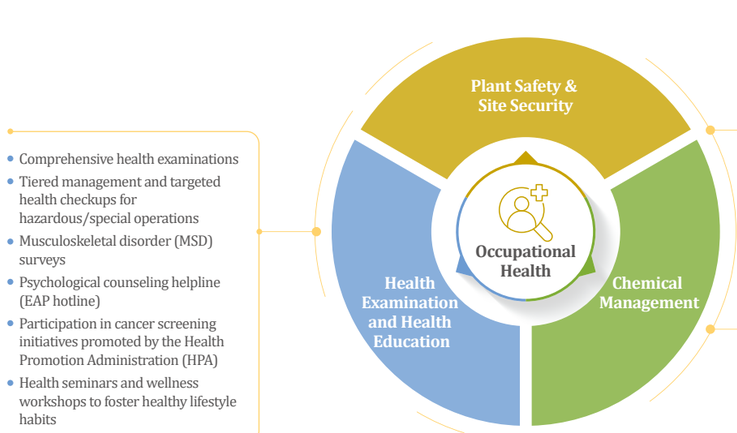
4.5.2 Promoting Occupational Health

LCY prioritizes comprehensive health management for employees through full health check-ups, robust plant safety protection facilities, and strict chemical management systems. We continued to offer flexible working hours adopted during the pandemic to non-plant employees at the Taipei Office and Nanzih R&D Center, enabling them to avoid traffic during peak hours, which helps reduce psychological stress and accidents from tardiness. During flu season, LCY subsidizes out-of-pocket flu vaccines in full or organizes on-site vaccination services, reducing the risk of illness and severe complications while safeguarding employee health.

For contractor partners, entry into the plants requires adherence to internal regulations, including hazard awareness training. This training fully informs contractors of identified risks within the plant, particularly the health hazards associated with the chemicals used and the corresponding emergency protective measures. These steps aim to eliminate potential hazards and reduce risks to the lowest possible level.



Safeguarding Employee Occupational Health Through Health Examination and Health Education, Chemical Management Systems, and Plant Safety Protection



The physical and mental well-being of employees is LCY's most valuable asset. In addition to routine and specialized health checks, we also arrange for on-site services by contracted nurses to provide ongoing care and health education for employees identified as having potential health risks, aiming to reduce the likelihood of occupational illnesses and injuries. In 2025, health promotion seminars were held across various plant sites, covering topics such as physical and mental wellness, interpersonal communication, healthy cooking, and fatigue prevention and management. These seminars were complemented by employee-led walking and weight-loss competitions, which not only provided relevant knowledge but also used tangible incentives to encourage the development of healthy lifestyle habits.

In addition to routine safety awareness events and workplace health seminars, each plant actively participates in government-organized occupational safety and health promotion activities, earning certifications and honors.

LCY is committed to the health and well-being of its employees. During the annual health survey at the Dashe Plant, responses from packaging personnel indicated a high prevalence of lower back discomfort. The company subsequently launched an assessment that included operational analysis and on-site evaluations conducted in collaboration with occupational therapists. The assessment identified heavy manual packaging and material handling activities as the primary contributors to the issue. To reduce the risk of work-related musculoskeletal disorders and address the physical demands associated with an aging workforce, a cross-functional task force was convened to revise its Ergonomic Hazard Prevention Program. It also invested more than NT$700,000 in vacuum lifting equipment, complemented by employee retraining and ongoing monitoring to evaluate the effectiveness of the improvements. The introduction of ergonomic assist equipment helped reduce physical fatigue and mitigate cumulative strain associated with repetitive tasks. As a result, among the 16 packaging operators (including four contractor personnel), the proportion of employees with a Nordic Musculoskeletal Questionnaire (NMQ) score of 3 or above declined from 35% to 0%, indicating that no employees remained at potential risk. In addition, the Key Indicator Method for Manual Handling Operations (KIM-HLC) score improved from 48 (medium-high workload) to 10 (low workload).

NMQ Survey Score ≥ 3
Decreased from 35% to **0%**

KIM HLC
Decreased to **10** points (Low load)

▲ On-site ergonomic assessment by occupational therapists

▲ Implementation of vacuum lifting equipment

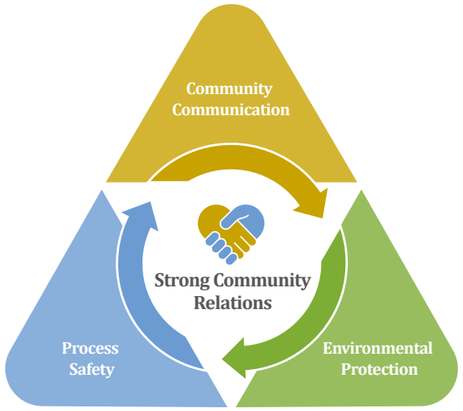
▲ Ergonomic Hazard Prevention Program—Ergonomics Assessment and Improvement Action Plan Form

4.6 Community Relations

4.6.1 Community Relations Management Policies

LCY has established a robust framework for community relations, focusing on three pillars: Community Engagement, Process Safety, and Environmental Protection. As we grow our business, we also care about community development. LCY has demonstrated its value in social responsibility and taken concrete actions to support community care, strengthen stakeholder communication, and build a circular economy system that will allow us to thrive with our communities.

At LCY, we care about the environments and safety around our plants. Using risk assessments, we identify the impacts of daily plant operations on surrounding communities. Response measures are then formulated to address dimensions such as process / production safety, air pollution, employment, and traffic safety. These include initiatives such as community care programs, participation in or organization of joint emergency response drills, and hosting Open House events. Plants also maintain direct communication channels with local village chiefs to facilitate proactive dialogue and provide timely assistance. Facility personnel conduct regular community visits to listen to residents' concerns, gather feedback, and relay this information internally to support continuous improvement efforts.



▲ The Golden Triangle of Strong Community Relations

4.6.2 Community Initiatives

LCY actively engages in community care to safeguard community safety, maintain good relations, and protect community environments. Open communication channels can facilitate understanding across plants and community residents, which helps maintain good relations with surrounding communities. Plants also host Open House events from time to time. These include forums and plant tours designed to increase transparency. By engaging with employee families, local residents, schools, and government agencies, the plants help stakeholders gain a deeper understanding of plant operations and environments, fostering mutual trust.

Community Care Initiatives

Community Safety

- Conduct daily routine pipeline patrols and schedule comprehensive annual pipeline maintenance and inspections.
- Perform dispersion modeling for underground pipeline leaks and conduct route risks assessments for tanker trucks.
- Formulate on-site and off-site emergency response plans, mandating prompt reporting within designated timeframes and strict adherence to protocol during emergencies.
- Conduct regular safety and fire drills to ensure plant integrity and reinforce personnel are familiar with emergency rescue and evacuation protocols
- Actively participate in the Industrial Park Safety and Health Promotion Association, collaborating with neighboring plants to conduct joint emergency response drills.

Community Relations

- Maintain close coordination and strong partnerships with local police and fire departments.
- Continuously engage in proactive dialogue with local residents and support community events through sponsorships.
- Host regular open houses events across manufacturing sites to enhance operational transparency.
- Provide outreach and emergency relief aid to vulnerable and underprivileged residents in neighboring communities.
- Prioritize local hiring of top talent to foster regional employment oppertunities. For more information, please see section 4.2 Employee Demographics & Management.

Environmental Protection

- Actively participate in Kaohsiung City Government environmental initiatives, including adopting air quality purification zones and maintaining associated facilities across elementary and junior high schools.
- Expand renewable energy adoption, deploy renewable infrastructure, and secure Taiwan Renewable Energy Certificates (T-REC).
- Deploy automated information management platforms to reinforce chemical safety controls and environmental stewardship.
- Implement ISO 50001 Energy Management System integrated with digital energy monitoring systems to gain real-time visibility into energy consumption.
- Adopt the ISO 14064-1 standard methodology to conduct comprehensive annual Greenhouse Gas (GHG) inventories

Community Care

The Linyuan Plant and Huizhou Plant receive certificates of appreciation for their charitable efforts across neighboring communities, schools, and welfare institutions

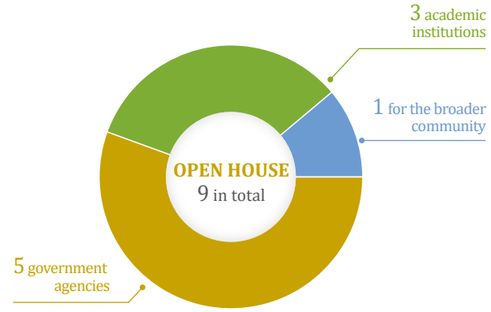
We value our relationship with the surrounding community, and we strive to improve the quality of life through our quality products while also exerting our influence to better the local environment and strengthen relations with local communities. LCY seeks to become a good friend and neighbor to our surrounding communities.

- 2025.10 Huizhou Plant donates essential supplies to the Huicheng District Comprehensive Welfare House
- 2025.10 Linyuan Plant receives certificates of appreciation from the Linyuan District Office, Village Chiefs' Affairs Promotion Association, and Jhongyun Junior High School in recognition of its contributions

Open House Events

In 2025, LCY hosted nine open house events across its plants, welcoming participants from government agencies, academic institutions, and the broader community.

LCY advanced its ESG initiatives through these engagement activities by sharing its practices and experience in the circular economy, net-zero carbon reduction, and AI-enabled smart management. During school visits, employees shared their career development journeys to support environmental education and foster sustainability awareness. Whether through government-industry-academia exchanges or family open days, these events showcased LCY's R&D and innovation capabilities while strengthening employee engagement and organizational cohesion.



- 3 / 8

AR Plant hosts Family Open Day with the Daya Bay Petrochemical and Energy Industry Bureau, welcoming more than 50 families to the plant to enhance employees' families' understanding of workplace safety and environmental protection while strengthening employee belonging and corporate cohesion.

- 3 / 28

Zhenjiang Emergency Management Bureau visits Huizhou Plant to learn about its smart development initiatives and best practices.

• 4/30
Faculty members and students from Fooyin University's Department of Occupational Safety and Hygiene visit Xiaogang Plant, accompanied by colleagues from the Environmental, Health and Safety (EHS) Office and Process Technology and TPE Operations teams.


• 6/19
A delegation of 28 guests from the Plastics Industry Development Center and the Plastics Industry Association visits Nanzih Plant.


• 7/24
Teachers and students from Linyuan Senior High School visit Linyuan Plant to learn about the company's products and related manufacturing processes.

• 10/22
A delegation of 35 guests from the Chemicals Administration, Ministry of Environment, and the Department of Chemistry at National Sun Yat-sen University visits Nanzih Plant.


• 10/23
Nanzih Plant hosts the "2025 Outstanding Enterprise Best Practice Exchange and Experience Sharing Forum" organized by the Southern Environmental Management Center of the Environmental Management Administration, Ministry of Environment, with 59 guests participating.

• 11/27
Kaohsiung Plant welcomes the Fire Department for a facility visit, during which the Fire Safety Supervisor introduces production processes and chemical management practices, followed by a tour of plant operations.


• 12/10
Nanzih Plant welcomes 22 instructors and trainees from the Industrial Talent Training Group of ITRI College, led by Ms. Tsai Lai-chun, for a site visit.

4.6.3 Fostering Innovation and Embedding Sustainability

In response to customer initiatives, LCY launched its inaugural Sustainability Awards Proposal Competition in 2025 to foster innovation and deepen employees' sustainability mindset. Employees across its Taiwan and China operations were invited to submit proposals in five thematic areas: Green Manufacturing, Responsible Supply Chains, Diversity and Inclusion, Talent Development, and Community Care. The competition featured two award categories. The "Excellence in Impact Award" recognized implemented projects that demonstrated measurable outcomes, while the "Bright Ideas Award" celebrated employees' creativity and forward-looking ideas for advancing sustainability. The inaugural competition received 60 eligible submissions for the Excellence in Impact Award and 73 submissions for the Bright Ideas Award. A total of 213 employees participated, representing approximately 15% of the workforce across operations in Taiwan and China.

Excellence in Impact Award **60**

Bright Ideas Award **73**

Total of employees participated **213**

4.6.4 Champion Innovation

LCY and the LCY Education Foundation have long been committed to advancing education in materials science and chemistry, investing substantial resources to cultivate innovative talent with global competitiveness. Through a diverse scholarship program, they support outstanding undergraduate students, PhD candidates, and early-career faculty in chemical engineering, chemistry, materials science, and related fields. In 2025, 37 recipients received scholarships and grants totaling NT$8.9 million. Since 2010, our scholarship camps have attracted thousands of applicants. In 2023, the Foundation changed the selection process and increased the scholarship amounts. In the 14th LCY Education Foundation Outstanding Student Award in 2025, we reached nearly 30 higher education institutions, over 60 departments, and nearly 730 professors in Taiwan. Additionally, the Chemical Society Located in Taipei sponsors our LCY New Chemical Talent Award each year to inspire outstanding college students. We also established the LCY Distinguished Young Professor Award for Outstanding Academic Research in collaboration with the Taiwan Institute of Chemical Engineers to honor young professors with outstanding academic achievements or contributions in chemical engineering and related fields. In 2024, LCY hosted the first LCY Distinguished Young Professor Exchange Symposium, inviting award recipients, outstanding PhD students, and LCY R&D team members to exchange ideas. As of 2025, a cumulative total of more than 60 professors and outstanding students in the field have engaged in these exchanges. This interdisciplinary university-industry platform aims to stimulate new possibilities for cross-disciplinary collaboration and spark innovation.

Global Scientific Leaders Inspire Emerging Talent

The annual Bowei Research Conference (BRC) is hosted by the LCY Education Foundation and organized by our Scientific Advisory Board, which is spearheaded by Dr. Ehud Keinan, President of the International Union of Pure and Applied Chemistry (IUPAC).

The conference brings together leading scientists from around the world who have received prestigious honors, including the Nobel Prize, the Welch Award, and the Wolf Prize. Held amid the scenic surroundings of Sun Moon Lake, the event features presentations on the latest scientific advances and thought-provoking insights, while providing young scientists with opportunities to engage directly with internationally renowned researchers through discussion and exchange. Surrounded by the area's natural beauty, the forum fosters meaningful dialogue and collaboration. The poster competition is another highlight, offering early-career researchers a platform to showcase their work and connect with peers and leading scientists from around the world.

The 2025 Bowei Research Conference (the 5th BRC), themed "The Magic of Chemistry," focused on "Frontiers in Chemical Biology – The Chemistry of Life." The conference explored advances in chemical biology, covering topics including directed evolution, protein engineering, biocatalysis, and many more. In 2025, the BRC invited 10 world-leading scientists from the US, Germany, Israel, the UK, Japan, and Taiwan to deliver keynote speeches. In total, the conference attracted 113 young scholars, researchers, and students from Taiwan, Japan, and South Korea. The 2025 conference was truly star-studded. In addition to inviting Dr. Hiroaki Suga and Dr. Chuan He, both 2023 Wolf Prize laureates, as speakers, it featured 2018 Nobel Prize in Chemistry laureate Frances H. Arnold and 2004 Nobel Prize in Chemistry laureate Dr. Aaron Ciechanover as keynote speakers. All other speakers were equally distinguished, underscoring the forum's significant global influence in chemistry.

Since its founding in 2018 through 2025, the Bowei Research Conference has attracted over 600 participants from around the world, gathered more than 70 renowned scholars and scientists, and received support from over 25 academic and research institutions. It serves as an important platform for young scientists to engage with the world's most influential researchers, and will continue to promote cross-border scientific collaboration and academic exchange to enhance its global impact.

▲ The 2nd LCY Distinguished Young Professor Exchange Symposium

▲ Emerging Scholars Exchange Ideas Across Disciplines

▲ Bowei Research Conference (BRC)

▲ A Global Forum for Scientific Exchange

▲ Distinguished Guests Gather for Meaningful Exchange: pening remarks by Dr. James C. Liao, President of Academia Sinica

▲ Bowei Research Conference (BRC)-Chair of the Scientific Advisory Board Prof. Ehud Keinan

▲ LCY Education Foundation-Bowei Lee

▲ Networking Amid the Scenic Beauty of Sun Moon Lake

▲ Young scientists shine in the poster paper competition

▲ A Forum Tradition: The Cycling Challenge

4.6.5 Driving Global Impact

LCY has a long-standing commitment to Taiwan and demonstrates its industry leadership by actively participating in forums hosted by leading domestic nonprofit organizations and academic institutions. Through these platforms, the company promotes the adoption of international standards in Taiwan and fosters collaboration between industry and academia to further its commitment to social and environmental responsibility.

Chairman Bowei Lee Named TwIChE Fellow

Reinforces Commitment to Sustainable Safety

On November 28, 2025, at the 72nd Annual Meeting of the Taiwan Institute of Chemical Engineers (TwIChE), LCY Group Chairman Bowei Lee, delivered a keynote address following his appointment as a TwIChE Fellow. His presentation focused on the future direction of chemical engineering education. Chairman Lee emphasized that as the global transition toward clean energy, materials innovation, and sustainable development continues to accelerate, chemical engineering remains the foundation that connects industries. He stressed that safety must remain the cornerstone of all technological advancement. He also noted that the convergence of biotechnology, semiconductors, and AI in recent years has expanded the scope of chemical engineering, creating new research frontiers.

For many years, LCY has continued to invest in strengthening its safety culture. Since becoming an early participant in the Responsible Care initiative, the Group has played a leading role in the Taiwan Responsible Care Association (TRCA) while also helping Taiwan secure Permanent Observer status in the International Council of Chemical Associations (ICCA) in 2019. This milestone has enabled Taiwan's chemical industry to strengthen its alignment with international standards and best practices. Looking ahead, LCY is integrating AI and data-driven technologies into process monitoring, predictive maintenance, risk management, and energy efficiency optimization. These applications aim to enhance process control and transparency, enable earlier detection of abnormalities, reduce operational risks, and improve sustainability performance.

At LCY, safety is more than a management system—it is a core element that is embedded in everyday decision-making. As such, LCY will continue to turn its commitments into action, fostering a safer, more efficient, and more sustainable industry.

Creating Shared Value Through Industry Leadership

LCY actively participates in forums hosted by mainstream media organizations, engaging in dialogue with cross-industry leaders to share insights on corporate transformation strategies and the evolving international division of labor. LCY demonstrates its role as a bridge between science and sustainability by sharing insights on topics ranging from Taiwan–Japan semiconductor collaboration to stakeholder engagement in the transition to net zero. In doing so, the company strengthens its brand reputation, expands its industry influence, and deepens collaboration with partners to advance long-term sustainable competitiveness.

From "Dual Cycle" to "Taiwan-Japan Co-Creation"

CEO Vincent Liu Shares Insights on Sustainable Semiconductors and the Future of Global Collaboration

At the 2025 CommonWealth Economic Forum held on January 9, 2025, CEO Vincent Liu emphasized the need to reimagine science to catalyze innovation for the semiconductor industry and the transition to sustainability. LCY's proprietary Dual Cycle Circular Model, a chemical recycling technology that purifies and reuses process waste liquids. By recovering electronic-grade isopropyl alcohol (E-IPA), the technology significantly reduces carbon emissions while achieving zero wastewater discharge. With six years of proven application, this technology has been recognized by Taiwan's Ministry of Economic Affairs and received TSMC's "Excellent Contribution in Green Manufacturing" award. To support the future growth of semiconductor manufacturing, LCY is strengthening its global specialty chemical capabilities. In addition to its production facility in Huwei, Yunlin, the company is preparing a new plant in Arizona, U.S., while planning further expansion into the Japanese and European markets.

Regarding Taiwan–Japan collaboration, Liu noted that the semiconductor supply chain is evolving from a model centered on imports from Japan to one based on localized production, giving rise to a new approach that combines "Japanese formulations with Taiwanese manufacturing." As Japan advances toward 2 nm semiconductor production, Taiwan's mature high-volume manufacturing capabilities also present opportunities for international deployment. Liu suggested that Taiwanese and Japanese companies draw on successful collaboration models such as ASML's joint development partnership with ZEISS, or ASML's acquisition of Hermes Microvision to strengthen upstream and downstream integration. By leveraging complementary strengths across borders, the two countries can accelerate breakthroughs in advanced process technologies beyond the 7 nm node and toward 1.4 nm, while building a more competitive semiconductor innovation ecosystem.

Against the backdrop of an increasingly fragmented global landscape shaped by geopolitics, the global semiconductor industry is undergoing a clearer regional specialization, with China focusing on mature process technologies; on the other hand, Taiwan, the US, and Japan concentrate on developing advanced chips for applications such as high-performance computing. Liu emphasized that Taiwan, as a hub for AI innovation, should further strengthen collaboration with Japanese materials suppliers. Looking ahead, LCY will continue to serve as a bridge between science and sustainability, working with global partners to advance the circular economy and next-generation semiconductor technologies while helping shape a new semiconductor ecosystem across Asia.

Attending the "Net Zero Summit"

Chairman T.H. Hung Highlights Sustainability as the Key to Brand Trust and Stakeholder Engagement at the Net Zero Summit

On August 22, 2025, LCY Chemical Chairman T.H. Hung delivered a keynote address at the Net Zero Summit, co-hosted by TS Financial Holdings and Business Today. He shared LCY's perspectives on the risks and opportunities associated with its sustainability transformation and joined a panel discussion alongside leaders from the Financial Supervisory Commission (FSC), TS Financial Holdings, Winbond Electronics, and Silks Hotel Group. During the forum, Hung emphasized that integrating sustainability into business operations strengthens a company's brand reputation and fosters deeper stakeholder engagement in achieving shared sustainability goals. Over the years, LCY has conducted comprehensive Scope 1 and Scope 2 GHG emissions assessments to accurately identify key emission sources and develop targeted decarbonization strategies. These efforts include investing in renewable energy and implementing an advanced Mechanical Vapor Recompression (MVR) system to reduce steam consumption, improve energy efficiency, and support low-carbon transformation at the source of production.

LCY Chemical Corp. is committed to reducing its GHG emissions by 42% by 2030 from the 2021 base year. At the same time, the company is helping customers advance their own sustainability goals through a broad portfolio of sustainable solutions. In electronic materials, LCY is Taiwan's only vertically integrated producer of EIPA. Its proprietary Dual Cycle Circular Model technology earned the company TSMC's 2024 "Excellent Contribution in Green Manufacturing" award. In high-performance materials, LCY's ISCC PLUS-certified PCR-PP and PCR-TPR product lines can reduce the carbon footprint of consumer goods and sporting equipment by 30% to 53%. In life sciences and nutrition, LCY has developed fermentation-based carotenoids to replace conventional chemically synthesized alternatives, significantly reducing energy consumption while enhancing product performance and providing a more sustainable solution.

Looking ahead, LCY will continue to align with international standards, including the International Financial Reporting Standards (IFRS), while providing partners worldwide with high-quality, sustainable technologies and innovative solutions. By continuously advancing the frontiers of materials science, LCY is committed to fulfilling its own low-carbon commitments. The company also leverages its industry influence to support customers in their sustainability journeys and contribute to a more sustainable future for generations to come.

Appendix

Participation in Industry Associations

Industry Association	Role
Association of Occupational Safety and Health	Member
Sino-Indonesia Cultural and Economic Association	Member
ROC-USA Business Council	Member
Chinese Petroleum Institute	Member
The Third Wednesday Club	Member
Sino-Arabian Cultural & Economic Association	Member
Taiwan External Trade Development Council (TAITRA)	Member
Taiwan Responsible Care Association (TRCA)	Vice President Joey Lin serves as an executive director
Institute of Internal Auditors (IIA)-Taiwan Chapter	Member
Women on Boards Taiwan	Member
Taiwan Institute of Chemical Engineers (TwIChE)	Member
Taiwan Chemical Industry Association (TCIA)	Member
Monte Jade Science & Technology Association of Taiwan	Member
Association of Taiwan Bio-based and Sustainable Material Industry	Member
Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT)	Member
Allied Association for Science Parks Industries	Member
Taiwan Climate Partnership	Member
Petrochemical Industry Association of Taiwan	Chairman T. H. Hung as the supervisor
Taiwan Synthetic Resins Manufacturers Association	Member
Taiwan Filtration and Separations Society	Member

Industry Association	Role
Taiwan Display Materials & Devices Association	Member
Cross-Strait CEO Summit	Member
Industrial Safety and Health Association (ISHA) of the R.O.C.	Member
WBCSD Global Network Partner	Member
The Corrosion Engineering Association of ROC	Member
Chinese International Economic Cooperation Association (CIECA), Taiwan	Vice Chairman Christine Young sits on the Board of Directors
The Chinese Institute of Environmental Engineering	Member
Chinese Industrial Machinery Association	Member
American Club Taipei	Member
Chemical Society Located in Taipei	Member
Taiwan Safety Council	Member
Taiwan Institute of Directors	Member
Taiwan Golf & Country Club	Member
Kaohsiung Chamber of Industry	Member
Kaohsiung Industrial Association	Member
Kaohsiung Lin Hai Industrial Park Association	Member
SEMI	Member
International Association of Arson Investigators Taiwan Chapter	Member
Accounting Research and Development Foundation	Member
Taiwan Institute of Directors	Member
Taiwan Union of Nurses Association (TUNA)	Member

▲ 41 data entries in total.

GRI Standards Reference Table

GRI Standards	Disclosures		Related Chapters	Page
GRI 1: Foundation 2021	GRI 1 Provide a Statement of Use		LCY Chemical Corp. has reported in accordance with the GRI Standards for the period 2025 / 01 / 01 to 2025 / 12 / 31. GRI 1 used: GRI 1: Foundation 2021	-
GRI 2: General Disclosures 2021	2-1	Organizational details	About this Report 1.2.1 Corporate Governance	4 24
	2-2	Entities included in the organization's sustainability reporting	About this Report	4
	2-3	Reporting period, frequency and contact point	About this Report	4
	2-4	Restatements of information	About this Report Historical data restatement of carbon and energy management detailed in Section 3.3 (to ensure data completeness and comparability with industry peers, the base year for carbon-reduction reporting has been revised from 2019 to 2021).	4
	2-5	External assurance	About this Report	4
	2-6	Activities, value chain and other business relationships	About this Report 1.1.1 About Us 1.6 Supply Chain Management	4 22 34
	2-7	Employees	4.2 Employee Demographics & Management	88
	2-8	Workers who are not employees	4.2 Employee Demographics & Management	89
	2-9	Governance structure and composition	1.2 Sustainable Governance Please refer to the company's official website: About | LCY Chemical Corp. (lcycic.com)	24
	2-10	Nomination and selection of the highest governance body	1.2.2 Board Responsibilities and Operations	25
	2-11	Chair of the highest governance body	1.2.2 Board Responsibilities and Operations	25
	2-12	Role of the highest governance body in overseeing the management of impacts	Identify stakeholders and material topics 1.2.1 Corporate Governance 1.2.2 Board Responsibilities and Operations	08 24 25
	2-13	Delegation of responsibility for managing impacts	1.2.2 Board Responsibilities and Operations	25
	2-14	Role of the highest governance body in sustainability reporting	Identify stakeholders and material topics 1.2.2 Board Responsibilities and Operations	08 25
	2-15	Conflicts of interest	1.2.2 Board Responsibilities and Operations Directors are to refrain from voting on any proposal in which they, or the legal entities they represent, have a personal interest.	25
	2-16	Communication of critical concerns	0.4 Events of Material Impact	18
	2-17	Collective knowledge of the highest governance body	1.2.2 Board Responsibilities and Operations	25
	2-18	Evaluation of the performance of the highest governance body	LCY Chemical Corp. does not conduct this evaluation. The evaluation approach for LCYtech (Copper Foil Plant) involves: reporting the performance assessment results of the Board of Directors (internal assessments, director self-assessments, and external assessments) to the board. Subsequently, the results are disclosed to TWSE by filing a report on the results of "Self-Evaluation of Performance of the Board" and documented in the annual report.	-

GRI Standards	Disclosures		Related Chapters	Page
GRI 2: General Disclosures 2021	2-19	Remuneration policies	4.3.1 Pay & Welfare Please refer to the annual report and organizational charter for the remuneration committee for data on LCYtech (Copper Foil Plant), as well as the articles of incorporation §27, 30-1, 31. Link: Annual Report, the organizational charter for the remuneration committee, and articles of incorporation	91
	2-20	Process to determine remuneration	4.3.1 Compensation Policy and Governance Framework The current remuneration determination process is managed by the Compensation Team of the Human Resources Department, and no independent committee has been established.	91
	2-21	Annual total compensation ratio	4.3.1 Compensation Policy and Governance Framework (This information is not disclosed due to company confidentiality regulations.)	91
	2-22	Statement on sustainable development strategy	Message from the Chairman 1.2.2 Board Responsibilities and Operations	06 25
	2-23	Policy commitments	1.6.2 Supply Chain Management Procedures	35
	2-24	Embedding policy commitments	1.6.2 Supply Chain Management Procedures	35
	2-25	Processes to remediate negative impacts	1.3.1 Compliance Culture 1.5 Product Quality and Customer Relations 1.6.2 Supply Chain Management Procedures 4.1 Human Rights Policies 4.4.1 Talent Cultivation	28 33 35 88 94
	2-26	Mechanisms for seeking advice and raising concerns	1.6.2 Supply Chain Management Procedures	35
	2-27	Compliance with laws and regulations	Identify stakeholders and material topics 1.3.2 Penalties and Legal Proceedings 3.1.2 Environmental Regulatory Compliance 4.5.1 Occupational Safety Management	8 29 64 96
	2-28	Membership associations	Appendix Participation in Industry Associations	114
	2-29	Approach to stakeholder engagement	Identify stakeholders and material topics	8
	2-30	Collective bargaining agreements	4.4.1 Talent Cultivation Policies (There are currently no collective bargaining agreements; communication is carried out through labor-management meetings))	94
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Identify stakeholders and material topics	8
	3-2	List of material topics	Identify stakeholders and material topics	8
Material Topics				
GHG Emissions and Energy Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	3 Green Operations 3.3.1 Carbon Management	60 69
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.3.1 Carbon Management	69
	305-2	Energy indirect (Scope 2) GHG emissions	3.3.1 Carbon Management	69
	305-4	GHG emissions intensity	3.3.1 Carbon Management	69
	305-5	Reduction of GHG emissions	3.3.1 Carbon Management	69
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.3.2 Energy Management	74
	302-3	Energy intensity	3.3.2 Energy Management	74

GRI Standards	Disclosures		Related Chapters	Page
Pollution prevention and emission control				
GRI 3: Material Topics 2021	3-3	Management of material topics	3 Green Operations 3.4.1 Air Quality Policies 3.5.1 Water Policies	60 76 79
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.4.2 Air Pollution Reduction Measures	77
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	3.5.1 Water Policies	79
	302-3	Energy intensity	3.3.2 Energy Management	74
Talent Cultivation & Development				
GRI 3: Material Topics 2021	3-3	Management of material topics	4 Promoting Social Prosperity 4.1 Human Rights Policies 4.4.1 Talent Cultivation	84 88 94
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.4.2 Talent Cultivation Measures	95
	404-3	Percentage of employees receiving regular performance and career development reviews	4.4.2 Talent Cultivation Measures	95
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1.2.2 Board Responsibilities and Operations 4.2 Employee Demographics & Management	25 89
Talent attraction and retention				
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Employee Welfare	91
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3.1 Compensation Policy and Governance Framework 4.3.2 Employee Health & Safety	91 92
	401-3	Parental leave	4.3.2 Employee Health & Safety (retention rate)	92
Labor / Management Relations				
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Employee Demographics & Management 4.3 Employee Welfare	89 91
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.2 Employee Demographics & Management	89
Product Quality				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.5 Product Quality and Customer Relations	33
Custom Topic	Customer Satisfaction		1.5 Product Quality and Customer Relations	33
Business ethics and integrity				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.2 Sustainable Governance	24
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	1.2.3 ESG Sustainability Strategy Committee & Ethics Management Committee	26
Regulatory compliance and internal control governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.2 Sustainable Governance 1.3 Regulatory Compliance	24 28

GRI Standards	Disclosures		Related Chapters	Page
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	1.3 Regulatory Compliance 3.1.2 Environmental Regulatory Compliance 4.5.1 Occupational Safety Management	28 64 96
Sustainable procurement and supply chain management				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.6 Supply Chain Management	34
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	1.6.2 Supply Chain Management Procedures	35
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	1.6.2 Supply Chain Management Procedures	35
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	1.6.2 Supply Chain Management Procedures	35
Occupational Safety & Health				
GRI 3: Material Topics 2021	3-3	Management of material topics	4.5.1 Occupational Safety Management	96
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.5.1 Occupational Safety Management	96
	403-2	Hazard identification, risk assessment, and incident investigation	4.5.1 Occupational Safety Management	96
	403-3	Occupational health services	4.5.2 Promoting Occupational Health	102
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.5.1 Occupational Safety Management	96
	403-5	Worker training on occupational health and safety	4.5.1 Occupational Safety Management	96
	403-6	Promotion of worker health	4.5.2 Promoting Occupational Health	102
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	1.6.2 Supply Chain Management Procedures 4.5.1 Occupational Safety Management	35 96
	403-9	Work-related injuries	4.5.1 Occupational Safety Management	96
	403-10	Work-related ill health	4.5.1 Occupational Safety Management	96
Chemical and hazardous substance management				
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Responsible Chemical Management 3.6 Waste Management	53 82
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.3 Responsible Chemical Management All products containing GHS Category 1 and Category 2 health and environmental hazard chemicals undergo a 100% hazard and risk assessment as required by the company	53
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2025, there were no administrative penalties resulting from chemical spills or ingredient non-compliance.	-
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	3.6 Waste Management	82
	306-3	Waste generated	3.6 Waste Management	82
	306-4	Waste diverted from disposal	3.6 Waste Management	82
	306-5	Waste directed to disposal	3.6 Waste Management	82

SASB Index

Topic	Code	Accounting Metric	2024 Amount	Related Chapters	Page
GHG Emissions	RT CH 110a.1	Gross global Scope 1 emissions (tCO_2e)	In 2025, total GHG emissions across LCY locations in Taiwan, China, the US, and Canada amounted to 753,257 tCO_2e, with a carbon intensity of 0.725 tCO_2e per ton of production. Compared to 2024, total emissions decreased by 6,312 tons, representing a 0.3% reduction in carbon intensity. From the base year (2021), LCY has reduced a cumulative total of 352,872 tons of carbon, reaching a reduction rate of 32%.	3.3.1 Carbon Management	69
		Percentage of Scope 1 emissions covered under emissions-limiting regulations (%)	Starting from 2025, the Ministry of Environment will levy a carbon fee for GHG emissions. There are currently no laws or regulations in China or the US regarding carbon fees, but LCY will continue to monitor domestic and international laws and regulations on carbon fees.		-
	RT CH 110a.2	Discussion of strategy to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets.	Due to the type and characteristics of the products we offer at LCY, our GHG emissions are primarily indirect emissions (Scope 2), which account for nearly 82% of our total emissions, rather than direct emissions (Scope 1), which are more common in traditional petrochemical industries. As such, carbon reduction measures focused on two areas: energy and steam conservation. We also utilized smart management systems at the plant to identify optimal operating parameters and potential hotspots for energy conservation. New practices implemented included replacing variable-frequency drives, recycling waste heat, and reducing steam usage. LCY's carbon reduction strategies focus on conserving and increasing the efficiency of electricity and steam use. We are currently progressing steadily toward our goal of 42% reduction by 2030 (from base year 2021) and net zero emissions by 2050.	3.3.1 Carbon Management	69
Air Quality	RT CH 120a.1	Air emissions of the following pollutants: 1. Nitrogen oxides (NOx)	41.83 tons	3.4.2 Air Pollution Reduction Measures	77
		2. Sulfur oxides (SOx)	2.98 tons	3.4.2 Air Pollution Reduction Measures	77
		3. Volatile organic compounds (VOC)	217.83 tons	3.4.2 Air Pollution Reduction Measures	77
		4. Hazardous Air Pollutants (HAPs)	73.54 tons	3.4.2 Air Pollution Reduction Measures	77
Energy Management	RT CH 130a.1	1. Total energy consumed (GJ)	7,576,394GJ	3.3.2 Energy Management 3.3.3 Promoting Renewable Energy	74 75
		2. Percentage grid electricity (%)	23.84%		-
		3. Percentage renewable (%)	0.22%		-
		4. Total self-generated energy (GJ) (+T-REC)	16,511GJ	3.3.2 Energy Management 3.3.3 Promoting Renewable Energy	74 75
Water Management	RT CH 140a.1	1. Total water withdrawal	5,415,307.1 tons	3.5.1 Water Policies	79
		2. Percentage of total water withdrawn in regions of High or Extremely High Baseline Water Stress	0 % We have identified water resource risks in our main production locations with WRI's water assessment tool, Aqueduct Water Risk Atlas. Plants in Kaohsiung (Taiwan), Huizhou (China), AR (China), and Zhenjiang (China) are in regions of low baseline water stress; and Baytown (US) has low-to-medium baseline water stress, hence 0%.	3.5.1 Water Policies	79

Topic	Code	Accounting Metric	2024 Amount	Related Chapters	Page
Water Management		3. Total water consumption	3,149,684.2 tons	3.5.1 Water Policies	79
	RT CH 140a.1	4. Percentage of the total water consumed in regions of High or Extremely High Baseline Water Stress	0 % We have identified water resource risks in our main production locations with WRI's water assessment tool, Aqueduct Water Risk Atlas. Plants in Kaohsiung (Taiwan), Huizhou (China), AR (China), and Zhenjiang (China) are in regions of low baseline water stress; and Baytown (US) has low-to-medium baseline water stress, hence 0%.	3.5.1 Water Policies	79
	RT CH 140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0	3.5.3 Water Pollution Prevention Measures	81
	RT CH 140a.3	Description of water management risks and strategies to mitigate those risks	At LCY, we manage water resources from three aspects: governance, strategic and technical. • The governance aspect includes elevating the importance of water management, establishing the Energy & Water Conservation Committee, and setting water conservation goals; • The strategic aspect includes 1) increasing the amount of water recycled at the plants by recycling steam condensate, using MBR technology to treat wastewater at plants, and 2) installing water conservation facilities to reduce water withdrawals and working with external parties to implement a water reclamation program; • The technical aspect includes research, development, and optimization of MBR technology and other technologies that improve water use efficiency	3.5.1 Water Policies	79
Hazardous Waste Management	RT CH 150a.1	Amount of hazardous waste generated	1,331.8 tons	3.6.1 Waste Management	82
		Percentage of hazardous waste recycled	26.86% (handled by trusted recycling organizations)	3.6.1 Waste Management	82
Community Relations	RT CH 210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	LCY upholds three principles for community relations: community engagement, process safety, and environmental protection. • Plant operations may impact process safety, air pollution, employment, and transport safety for surrounding communities • We've established a direct communication channel with local village chiefs to ensure immediate communication and feedback • Plant employees conduct community visits and report any assistance or improvements required by the communities back to the plant and LCY to give us more insight and ensure that changes are being implemented	4.6.1 Community Relations Management Policies	104
Workforce Health & Safety	RT CH 320a.1	Employees include temp workers, outsourced workers (security/cleaning services/factory drivers), interns, part-time workers, long-term contractors, etc.	Employee Type / Total recordable incident rate (TRIR) / Fatality Rate (FR) Employees: 0.348 / 0 Contract Employees: 0.179 / 0 There were 8 work-related injuries, 0 fatalities, and 0 cases of work-related ill health in 2025. Work accidents in plants were primarily from falls, collisions, or improper use of machinery. The work accidents have now been included in management references to serve as a basis for optimization and strengthening education and training.	4.5.1 Occupational Safety Management	96

Topic	Code	Accounting Metric	2024 Amount	Related Chapters	Page
Workforce Health & Safety	RT CH 320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks.	• Provide regular and comprehensive health and cancer screenings for employees at all levels based on their work environment. • Provide health screening and control banding for special tasks to ensure that employees do not come into contact with harmful and hazardous substances that could subsequently affect their health. • Screen all plant employees for musculoskeletal symptoms and reevaluate existing work arrangements based on past incidence rates and employee medical history to reduce incidence rates.	4.5.2 Occupational Health Services	102
Product Design for Use-Phase Efficiency	RT CH 410a.1	Revenue from products designed for use-phase resource efficiency	In 2025, green products generated NT$4,568,526,000 in revenue, accounting for 10% of total revenue.	2.2.1 LCY's Sustainability 6R	45
Safety & Environmental Stewardship of Chemicals	RT CH 410b.1	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	13.9%	2.3.1 Chemical Management Protocols	53
		Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, that have passed a hazard assessment	100%	2.3.1 Chemical Management Protocols	53
	RT CH 410b.2	Discussion of strategy to manage chemicals of concern and develop alternatives with reduced human and/or environmental impact.	Chemical management at LCY is controlled through two phases: Product R&D and Plant Management • Product R&D phase: Evaluate alternatives and reduce high-risk/hazardous substances. Meet with industrial safety and environmental protection units at plants to conduct environmental and health hazard and safety assessments for the production process. In the TPE-SIS product line, a successful substitution was made for talc, a raw material for the dedusting agent, which was suspected of causing health and environmental problems. In addition, at the Linyuan plant, analytical methods were adjusted to avoid the use of carcinogenic listed toxic substances, specifically potassium dichromate and potassium chromate, to improve employee safety. • Plant management phase: The Environmental Risk Management Department at headquarters and the occupational safety and environmental protection offices at the plants formulate quality control guidelines for each of the five stages of the chemical life cycle, including needs-based application, incoming inspection, procurement labeling, storage and use, and disposal. We monitor changes in chemical regulations by the relevant authorities, clarify the impact on our plants, and discuss response measures to ensure that the use and management of chemicals at all plants comply with local laws and regulations.	2.3.1 Chemical Management Protocols 2.3.2 Responsible Chemical Research	53 54
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	LCY does not use any genetically modified raw materials, as such, the percentage of products by revenue that contain GMOs is 0%.		-
Management of the Legal & Regulatory Environment	RT CH 530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	To track, assess, and manage changes in related regulations, responsible local units and industrial safety and environmental protection offices in plants are instructed to pay close attention to regulatory changes, coordinate support and rollout, and ensure employee understanding and compliance through regular information sharing, education, training, advocacy, and announcements. Our goal is zero noncompliance.	1.3.1 Compliance Culture	28

Topic	Code	Accounting Metric	2024 Amount	Related Chapters	Page
Emergency Preparedness & Response for Occupational Safety	RT CH 540a.1	Process Safety Incidents Count (PSIC)	3 cases	4.5.1 Occupational Safety Management	96
		Process Safety Total Incident Rate (PSTIR)	0.153		
		Process Safety Incident Severity Rate (PSISR)	0.061		
			In 2025, there was one process safety incident (zero Tier 1, three Tier 2). The incident involved a chemical leak, but fortunately, no injuries were reported. All incidents were thoroughly tracked and managed, and recommendations for improvement were made.		
	RT CH 540a.2	Number of transport incidents	0		-
Production	RT CH 000.A	Annual production by reportable segment (tons) / percentage (%)	Due to LCY's commercial considerations, only the production ratio by business unit is provided. This data is based on products with measurable convertible weight. (Products or services that cannot be quantified by weight are excluded from the statistics, e.g., MBR products from the Industrial Solutions business unit are not included.) • Performance Materials 234,215tons / 22% • Industrial Solutions 151,344tons / 15% • Electronics Materials 154,453 tons / 15% • LCYtech (Copper Foil Plant) 8,056tons / 1% • Biosciences & Nutrition Solutions 0 tons / 0% • Others 0 tons / 0% • Total 1,007,364 tons / 100%	1.1.1 About Us	22

TCFD Index

TCFD Disclosure Standards		Related Chapters	Page
Governance	A. Describe the board's oversight of climate-related risks and opportunities.	3.2.1 Climate Risk Governance	65
	B. Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	3.2.2 Climate Risk Assessment Process	65
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	3.2.2 Climate Risk Assessment Process	65
	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2℃ or lower scenario.	3.2.2 Climate Risk Assessment Process	65
Risk Management	A. Describe the organization's processes for identifying and assessing climate-related risks.	3.2.2 Climate Risk Assessment Process	65
	B. Describe the organization's processes for managing climate-related risks.		
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
Metrics and Targets	A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	3.2.4 Metrics, Targets, and Outcomes	68
	B. Disclose Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and the related risks.		
	C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		

Independent Assurance Statement

bsi

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INDEPENDENT ASSURANCE OPINION STATEMENT

LCY CHEMICAL CORP. 2025 Sustainability Report

The British Standards Institution is independent to LCY CHEMICAL CORP. (hereafter referred to as LCY in this statement) and has no financial interest in the operation of LCY other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of LCY only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by LCY. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to LCY only.

Scope

The scope of engagement agreed upon with LCY includes the followings:

1. The assurance scope is consistent with the description of LCY CHEMICAL CORP. 2025 Sustainability Report.
2. The evaluation of the nature and extent of the LCY's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the LCY CHEMICAL CORP. 2025 Sustainability Report provides a fair view of the LCY sustainability programmes and performances during 2025. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the LCY and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate LCY's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that LCY's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top management interview of issues raised by external parties that could be relevant to LCY's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 7 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that LCY has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the LCY's inclusivity issues.

Materiality

LCY publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of LCY and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the LCY's management and performance. In our professional opinion the report covers the LCY's material issues.

Responsiveness

LCY has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for LCY is developed and continually provides the opportunity to further enhance LCY's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the LCY's responsiveness issues.

Impact

LCY has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. LCY has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the LCY's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

LCY provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the LCY's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the LCY's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Joe Hsieh, Managing Director Northeast Asia, APAC Assurance

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Preface 01 Strong Sustainable Governance 02 Leading Circular Innovation 03 Green Operations: Leading Low-Carbon Transition 04 Promoting Social Prosperity Appendix LCY 李長榮

LCY 李長榮

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